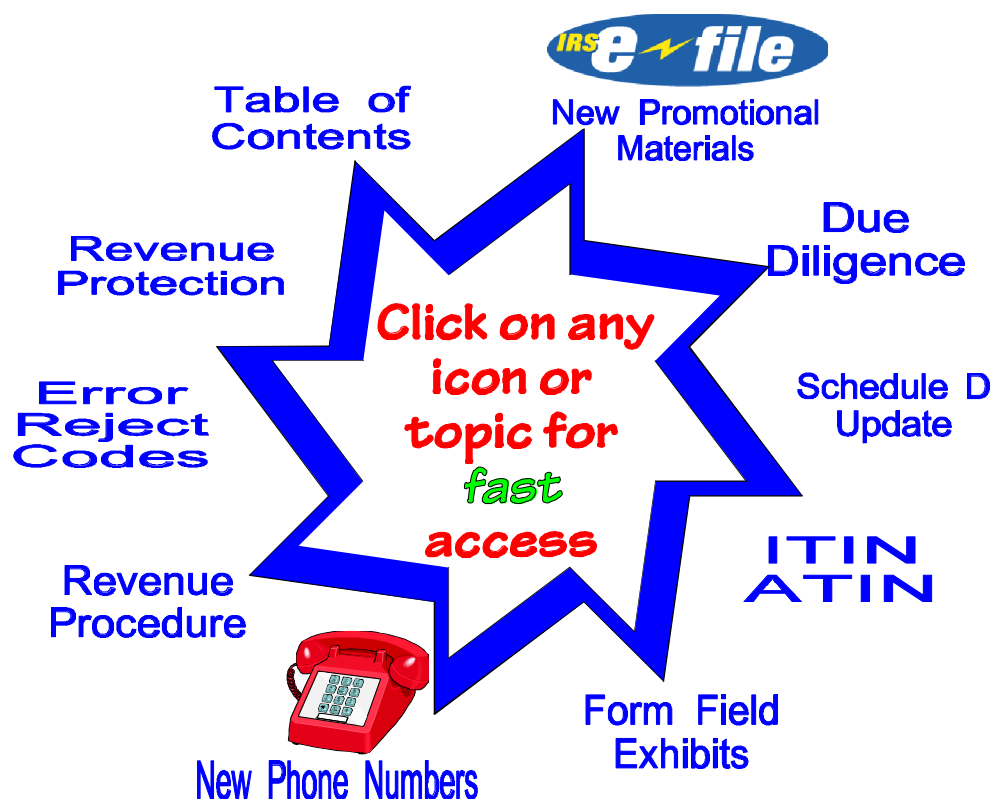


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# Handbook for Electronic Filers of Individual Income Tax Returns Tax Year 1997 (Supplement) (Rev. 1-98)

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This document supplements  
Publication 1345 (Rev. 9-97)

This revision supersedes  
Publication 1345A (Rev. 12-96)

**HANDBOOK**  
**FOR**  
**ELECTRONIC FILERS**  
**OF**  
**INDIVIDUAL INCOME TAX RETURNS**  
**TAX YEAR 1997**  
**(Supplement)**  
**Publication 1345A**

This document supplements  
Publication 1345 (Rev. 9-97)

This revision supersedes  
Publication 1345A (Rev. 12-96)

INTERNAL REVENUE SERVICE  
WASHINGTON, DC

December 17, 1997

**To: All Authorized IRS e-file Providers in the Tax Year 1997 Electronic Filing Program**

Welcome on board or welcome back to IRS *e-file*, the new name for electronic filing! We are committed to working with you to expand participation in electronic filing. One example of our commitment is the new [IRS e-file marketing campaign](#). We sincerely hope that this campaign is successful in communicating the benefits of electronic filing to taxpayers and electronic return originators.

We also would like to share some information with you that should help you and your clients avoid unnecessary problems with meeting tax return filing obligations. For the past several filing seasons, the Internal Revenue Service has increased its efforts to protect the filing system integrity and maintain the high quality of electronically filed returns.

While we cannot share detailed information concerning our efforts for revenue protection, we can describe steps you can take to assure a productive filing season.

We will again validate taxpayer identification numbers. Know your clients! Ask for two forms of identification and to see their Social Security cards. If your client is claiming the EITC, as a return preparer, you should first determine that your client meets all EITC eligibility criteria. [Refer to Notice 97-65 \(Publication 1345A, page 21\)](#) for information on due diligence requirements for paid preparers. Carefully enter all names and identifying numbers. Taxpayers who experienced delays in receiving their refund last year should be especially careful and they should contact the Social Security Administration if they were notified of a problem with their Social Security Number (SSN) last year.

We are expanding our validation of identification numbers--[SSNs, Individual Taxpayer Identification Numbers \(ITINs\), and Adoption Tax Identification Numbers \(ATINs\)](#). Taxpayers with incomplete returns, invalid or duplicate taxpayer identifying numbers, or evidencing patterns consistent with suspicious claims or profiles can expect their refunds to be delayed or disallowed due to "math error" procedures or audits. Both of these processes will provide taxpayers an opportunity to furnish the necessary information to IRS to complete processing of the return and any related refund.

We will also look at situations where children are claimed as dependents for EITC purposes on more than one return, situations where "extra" dependents are claimed, and situations where dependents of parents not filing returns are claimed on someone else's return.

The Internal Revenue Service's Revenue Protection Strategy Public Messages for the 1998 Filing Season contains further explanations and guidance. You can find this document on the IRS web page and on the Electronic Filing Bulletin Board.

Thank you for partnering with us. We know you share our concern with protecting the integrity and high quality of the IRS *e-file* program. Together we can make IRS *e-file* work for everyone!

/s/ Robert E. Barr  
Robert E. Barr  
Assistant Commissioner (Electronic Tax Administration)

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## WHAT'S IN!

### IRS *e-file* CAMPAIGN

As the primary focus of a high-profile, public service awareness campaign, IRS *e-file*, the NEW name for IRS electronic filing options, is being promoted this year to encourage taxpayers to file electronically, particularly through their tax professional. The campaign officially unveils a new and exciting logo and key messages that illustrate the many benefits of the program. In addition, authorized electronic filing providers will be sent an IRS *e-file* Promotional Kit. The intention of the kit is to generate increased business for the provider through increased taxpayer awareness and to increase participation levels of electronic filing options.

### IRS *e-file* LOGO AND GUIDELINES



**CLICK. ZIP. FAST ROUND TRIP.**

The IRS *e-file* logo (illustrated above with *optional* trailer - "Click. Zip. Fast Round Trip.") is an umbrella logo that replaces the *Electronic Tax Filing* logo. It can be located on the IRS Electronic Filing Bulletin Board System (EFBBS) under the National Interest Library (filename: elogo.pdf) or on the IRS Digital Daily web site (<http://www.irs.ustreas.gov>) under the "Tax Professional's Corner" or under "What's Hot." PDF viewing software may be necessary to read, save and print the graphic file from the Internet.

Users of the logo must adhere to the Advertising Standards for Electronic Filers and Financial Institutions which can be found in Section 12 of the Revenue Procedure, *Requirements of Participants in the Electronic Filing Program for Form 1040, U.S. Individual Income Tax Return* (see section 2 of this publication). In addition, users must also follow IRS specified guidelines which can be found in the same locations as the IRS *e-file* logo (EFBBS filename: logogde.wpd).

**Guidelines:**

- The IRS *e-file* logo is not copyrighted. It should only be used to indicate that a participant offers this service to taxpayers or has performed it on behalf of a taxpayer. Its use does not or should not appear to portray any other relationship between the IRS and participant.
- Do not combine logo with IRS eagle symbol, the word "Federal," or with other words or symbols that suggest a special relationship between the IRS and the participant.
- Do not place any text closer than 1/4 inch from the logo (Except text provided by IRS).
- Do not overprint other words or symbols on the logo.
- Do not change the letter spacing or type style.
- For color jobs - print logo in solid PMS 285 blue (or equivalent) with the lightning bolt in solid PMS 109 yellow (or equivalent).
- For 1 color jobs - do not screen the logo; that is, do not print it in less than a solid tone.

**THE IRS *e-file* PROMOTIONAL KIT FOR TAX PRACTITIONERS**

IRS will support local efforts with a national public service awareness campaign including radio, TV, newspaper and magazine ads. To help direct customers to EROs, a promotional kit was developed for tax practitioners to be used as tie-ins with the national IRS *e-file* campaign. Contents of the kit are as follows:

- Newspaper Ads -- for you to imprint your name and phone number. Available in two sizes: 7 x 10 and 6 7/16 x 5 1/4
- Radio Scripts -- :60 and :30 announcer read scripts; just add your name and phone number.
- Direct-Mail Post Card -- pre-formatted for you to imprint and send to your customers.
- Posters -- for your office. Available in two sizes: 8½ x 11 and 11 x 14.
- "Q&A" Sheets for you to hand out to customers.
- IRS *e-file* Stickers to place on customer file-copy returns prepared by you.
- Authorized IRS *e-file* Provider Decals and Placards for display purposes.

**NOTE:** Most items will be available on the IRS Digital Daily web site under the Tax Professionals Corner and on the IRS EFBBS. Recipients of the Publication 1345-A are considered authorized EROs and will automatically receive a promotional kit in January, 1998. Authorized EROs who do not receive a kit should order Publication 3005, Catalog Number 25125M, from their respective IRS Area Distribution Center at 1-800-829-3676 (1-800-TAX-FORM). Authorized EROs will be limited to one kit.

## **“AUTHORIZED IRS *e-file* PROVIDER” DECAL**

As part of the IRS *e-file* Promotional Kit for Tax Practitioners, authorized EROs will be allowed the opportunity to display the following decal:



This decal should not be altered in any manner for any reason. Users must adhere to the Advertising Standards for Electronic Filers and Financial Institutions found in Section 12 of the Revenue Procedure, *Requirements of Participants in the Electronic Filing Program for Form 1040, U.S. Individual Income Tax Return* (see section 2 of this publication).

## **IRS *e-file* KEY MESSAGES**

The following messages can be used in conjunction with the IRS *e-file* logo and/or when promoting IRS electronic filing options:

- IRS *e-file* is the fastest way to get refunds in half the time -- even faster with Direct Deposit.
- IRS *e-file* returns are more accurate than paper and reduce the chance of getting an error notice from the IRS.
- IRS *e-file* options provide an acknowledgment that your return has been accepted.
- IRS *e-file* is a proven commodity. Last year, over 14 million people like you went to their tax professional to file their return electronically.
- IRS *e-file* allows you to file now and pay later - by April 15.
- IRS *e-file* allows you to file your Federal and state tax returns together (where and when available).



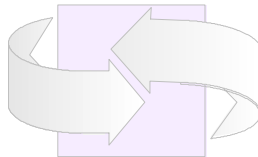
## WHAT'S OUT!

### *Electronic Tax Filing Logo:*



This logo (traditionally used to represent electronic filing) has been replaced by the IRS *e-file* logo and should no longer be used to represent and/or promote IRS electronic filing options. To avoid taxpayer confusion, EROs in possession of IRS promotional products illustrating this logo should refrain from using and/or displaying such materials.

### *Alternative Ways of Filing Logo:*



This logo was formerly used as an umbrella for all IRS alternative filing options, including electronic filing. However, because of the focus on electronic filing options and the subsequent development and distribution of the IRS *e-file* logo, this logo is no longer appropriate and should not be used.

# SECTION 1 - INTRODUCTION

## 1.1 - Purpose of this Supplement

This supplement should be used in conjunction with **Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 1997)** (Rev. 9-97). In this supplement, "Publication 1345" means the 9-97 revision. Together, these publications provide information you need to apply and participate in the tax year 1997 Electronic Filing (ELF) Program.

### **IMPORTANT ~ IMPORTANT ~ IMPORTANT ~ IMPORTANT ~ IMPORTANT**

Note the following **NEW TELEPHONE NUMBERS** (not toll-free):

For inquiries about <b>NEW OR REVISED APPLICATIONS</b> . . . . .	<b>978-474-1499</b>
For inquiries about <b>SUITABILITY DETERMINATIONS</b> . . . . .	<b>978-474-1499</b>

For other telephone numbers see sections 3.9 and 3.10 of this publication.

## 1.2 - What's in this Supplement?

This supplement gathers in one volume key information that is useful during the filing season:

- The complete text of the revenue procedure governing the tax year 1997 filing season (see section 2);
- Corrections, changes, clarifications, last minute updates and additions to the Publication 1345 including errata information published on the Electronic Filing System Bulletin Board (EFBBS) (see sections 3.1, 3.2, 3.4, 3.5, 3.11 and 3.12);
- The complete text of Notice 97-65, Income Tax Return Preparer Penalties -- 1997 Federal Income Tax Returns Due Diligence Requirements for Earned Income Credit (EIC) (see section 3.3);
- Complete updated reprints of useful exhibits, including IRS contact points and state contact points, and exhibits with new information since the Publication 1345 was printed in September (see sections 3.6-3.10);
- The error reject code explanations for all forms eligible for electronic filing, including electronically transmitted documents, Forms 4868 and 9465 (see sections 4 and 5);

- The Post of Duty Codes needed for Forms 2555 and 2555EZ (see section 6); and
- The tax form field numbers exhibits which help in understanding acknowledgment file messages (see appendix).

The error reject code and form field number exhibits supplement **Publication 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns (Tax Year 1997)***, (Rev. 9-97). You should consult Publication 1346 if you need more information.

### **1.3 - Comments**

Your comments on this publication are welcome. Suggestions may be directed to:

Internal Revenue Service  
Attn: T:ETA:O:C  
5000 Ellin Road  
Lanham, MD 20706

Telephone: 202-283-0531 (not toll-free)  
FAX: 202-283-4786 (not toll-free)

**NOTE: These numbers are for comments about this publication only.**

For FORMS, call 1-800-829-3676. See sections 3.9 and 3.10 for telephone numbers for QUESTIONS about the electronic filing or *e-file*.

Thank you.

## **SECTION 2 - REVENUE PROCEDURE 97-60**

# **Revenue Procedure 97-60**

## **Requirements of Participants in the Electronic Filing Program for Form 1040, U.S. Individual Income Tax Return**

26 CFR 601.602: Tax forms and instructions.  
(Also Part I, Sections 6012, 6061; 1.6012-5,  
1.6061-1.)

Rev. Proc. 97-60

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Form 1040 Electronic Filing (ELF)  
Program of their obligations to the

## Revenue Procedure 97-60

Internal Revenue Service, taxpayers, and other participants. The following returns can be filed under the Form 1040 ELF Program:

(1) 1997 Form 1040 and 1997 Form 1040A, U.S. Individual Income Tax Return; and

(2) 1997 Form 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents. This revenue procedure updates and supersedes Rev. Proc. 96-61, 1996-2 C.B. 401.

### SECTION 2. BACKGROUND AND CHANGES

.01 Section 1.6012-5 of the Income Tax Regulations provides that the Commissioner may authorize the use, at the option of a person required to make a return, of a composite return in lieu of any form specified in 26 CFR Part 1 (Income Tax), subject to the conditions, limitations, and special rules governing the preparation, execution, filing, and correction thereof as the Commissioner may deem appropriate.

.02 For purposes of this revenue procedure, an electronically filed Form 1040, Form 1040A, or Form 1040EZ is a composite return consisting of electronically transmitted data and certain paper documents. The paper portion of the return consists of Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing, and other paper documents that cannot be electronically transmitted. Form 8453 must be received by the Service before the composite return is considered filed (see section 5.08 of this revenue procedure). The composite return must contain the same information that a return filed completely on paper contains. See section 7 of this revenue procedure for procedures for completing Form 8453.

.03 The Service will periodically issue Publication 1345,

Handbook for Electronic Filers of Individual Income Tax Returns, that lists the forms and schedules associated with the Form 1040 series that can be electronically transmitted.

.04 For the purposes of the Form 1040 ELF Program, a 1997 Form 1040, Form 1040A, or Form 1040EZ cannot be electronically filed after October 15, 1998, notwithstanding the fact that the taxpayer has been granted an extension to file a return beyond that date.

.05 An amended tax return cannot be electronically filed under the Form 1040 ELF Program. A taxpayer must file an amended tax return on paper in accordance with the instructions for Form 1040X, Amended U.S. Individual Income Tax Return.

.06 A tax return that has a foreign address for the taxpayer cannot be electronically filed under the Form 1040 ELF Program. Army/Air Force (APO) and Fleet (FPO) post offices are not considered foreign addresses.

.07 A tax return for a decedent cannot be electronically filed under the Form 1040 ELF Program. The decedent's spouse or personal representative must file a paper tax return for the decedent.

.08 This revenue procedure updates and supersedes Rev. Proc. 96-61, 1996-2 C.B. 401. The updates include changes in the Form 1040 ELF Program, clarification of prior Form 1040 ELF Program statements, and additional guidance derived from other Service documents that relate to the Form 1040 ELF Program. Some of the updates are:

(1) additional fingerprint cards are not required for an application to operate an electronic filing business at a new location (section 4.02(4));

(2) the application period for the Form 1040 ELF Program runs from September 2, 1997, through

December 1, 1997 (section 4.05(1));

(3) a proof of sale must be attached to an application from the purchaser of an existing Electronic Filer (section 4.05(2));

(4) all applications for the Form 1040 ELF Program must be sent to the Andover Service Center (sections 4.07 and 5.07);

(5) the definition of Responsible Official is clarified to reflect that a Responsible Official may also be a Principal (section 4.11));

(6) an individual who is an attorney may submit evidence of professional status in lieu of a fingerprint card provided the individual is not currently under suspension or disbarment from practice before the Service or the bar of the highest court of any State, Commonwealth, possession, territory, or the District of Columbia (section 4.13(1));

(7) an individual who is a certified public accountant may submit evidence of professional status in lieu of a fingerprint card provided the individual is not currently under suspension or disbarment from practice before the Service, or whose license to practice is not currently suspended or revoked by any State, Commonwealth, possession, territory, or the District of Columbia (section 4.13(2));

(8) timely notification that an Electronic Filer has discontinued participation in the Form 1040 ELF Program must be sent to the Andover Service Center (section 5.07);

(9) the complete paper copy of the return furnished to the taxpayer need not include the social security number of the paid preparer (section 8.01);

(10) a printout of the electronic portion of the return does not have to be provided to the taxpayer if the taxpayer provided a completed tax return for elec-

## Revenue Procedure 97-60

tronic filing and the information on the electronic portion of the return is identical to the information on the completed tax return (section 8.01); and

(11) the Andover Service Center is the office responsible for accepting or rejecting an application to participate in the Form 1040 ELF Program (sections 14.02 through 14.07).

### SECTION 3. ELECTRONIC FILING PARTICIPANTS--DEFINITIONS

.01 After acceptance into the Form 1040 ELF Program, as described in section 4 of this revenue procedure, a participant is referred to as an "Electronic Filer."

.02 The Electronic Filer categories are:

(1) **ELECTRONIC RETURN ORIGINATOR.** An "Electronic Return Originator" (ERO) is: (a) an "Electronic Return Preparer" who prepares tax returns, including Forms 8453, for taxpayers who intend to have their returns electronically filed; and/or (b) an "Electronic Return Collector" who accepts completed tax returns, including Forms 8453, from taxpayers who intend to have their returns electronically filed.

(2) **SERVICE BUREAU.** A "Service Bureau" receives tax return information on any media from an ERO, formats the return information, and either forwards the return information to a Transmitter or sends back the return information to the ERO. A Service Bureau may send Forms 8453 to the appropriate service center.

(3) **SOFTWARE DEVELOPER.** A "Software Developer" develops software for the purposes of (a) formatting returns according to the Service's electronic return specifications; and/or (b) transmitting electronic returns

directly to the Service. A Software Developer may also sell its software.

(4) **TRANSMITTER.** A "Transmitter" transmits the electronic portion of a return directly to the Service. An entity that provides a "bump-up" service is a Transmitter. A bump-up service provider increases the transmission rate or line speed of formatted or reformatted information that is being sent to the Service via a public switched telephone network. The Service accepts both asynchronous and bisynchronous communications protocols.

.03 The Electronic Filer categories are not mutually exclusive. For example, an ERO can, at the same time, be considered a Transmitter, Software Developer, or Service Bureau depending on the function(s) performed.

.04 An Electronic Filer may have a "Drop-Off Collection Point(s)." The activity at a Drop-Off Collection Point is limited solely to receiving a return or return information that a taxpayer wants to have electronically filed and collecting a fee for electronically filing that return. Return preparation activity may not be conducted at a Drop-Off Collection Point. Return preparation activity includes, but is not limited to, comparing amounts listed on Form 8453 with those on the paper return or return information provided by a taxpayer and verifying routing numbers and account numbers used for direct deposit of refunds. Return preparation activity does not include collecting a fee for electronic filing or ensuring that the taxpayer has signed Form 8453. An Electronic Filer need not have an ownership interest in the Drop-Off Collection Point.

### SECTION 4. ACCEPTANCE IN THE FORM 1040 ELECTRONIC FILING PROGRAM

.01 Except as provided in sections 4.02 through 4.04 of this revenue procedure, an Electronic Filer that actively participated in the most recent Form 1040 ELF Program does not have to reapply to participate in the Form 1040 ELF Program. However, an Electronic Filer that intends to participate as a Transmitter or a Software Developer in the Form 1040 ELF Program must first successfully complete the testing referred to in section 4.08 of this revenue procedure. In addition, section 4.15 of this revenue procedure provides for the Service's issuance of credentials necessary for participation in the Form 1040 ELF Program.

.02 Applicants and Electronic Filers must file a new Form 8633, Application to Participate in the Electronic Filing Program, with completed fingerprint cards for the appropriate individuals, if:

(1) the applicant has never participated in the Form 1040 ELF Program;

(2) the applicant has previously been denied participation in the Form 1040 ELF Program;

(3) the applicant has been suspended from the Form 1040 ELF Program; or

(4) the Electronic Filer is participating in the Form 1040 ELF Program and wants to operate an electronic filing business at an additional location (except that an individual listed on the Electronic Filer's application who has previously submitted a fingerprint card does not need to submit an additional fingerprint card).

.03 To participate in the Form 1040 ELF Program, an Electronic Filer in the most recent Form 1040 ELF Program must submit a revised Form 8633, signed by all "Principals" and the "Responsible

## Revenue Procedure 97-60

Official" (as described in sections 4.09 through 4.12 of this revenue procedure), with completed fingerprint cards for the appropriate individuals, if:

(1) the Electronic Filer functioned solely as a Software Developer during the most recent Form 1040 ELF Program and intends to function as an ERO, Service Bureau, or Transmitter during the Form 1040 ELF Program;

(2) there is an additional Principal, such as a partner or a corporate officer, that must be listed on Form 8633, line 8, "Principals of Your Firm or Organization";

(3) there is a Principal listed on Form 8633, line 8, that should be deleted; or

(4) the Responsible Official on Form 8633, line 9 changes.

.04 Except as provided in section 4.03 of this revenue procedure, to participate in the Form 1040 ELF Program, an Electronic Filer in the most recent Form 1040 ELF Program must submit either a revised Form 8633, or a letter containing the same information contained in a revised Form 8633, if any information on the Electronic Filer's Form 8633 has changed. A revised Form 8633 or letter submitted under this section should include only the information requested on lines 1a through 1i of Form 8633 and the information being revised. A Principal or a Responsible Official must sign the revised Form 8633 or the letter.

.05 Applicants and Electronic Filers described in section 4.02 of this revenue procedure must submit new applications within the following time periods:

(1) except as provided in section 4.05(2) of this revenue procedure, the application period runs from September 2, 1997, through December 1, 1997; and

(2) if an applicant purchases an existing Electronic Filer's busi-

ness on or after November 1, 1997, a new application with proof of sale attached must be submitted within 30 days after the date of the purchase.

.06 Revised applications described in sections 4.03 and 4.04 of this revenue procedure must be submitted within 30 days of the change(s) reflected on the revised Form 8633 or in the letter.

.07 Applicants and Electronic Filers described in sections 4.02 through 4.04 of this revenue procedure must file Form 8633 (or a letter as provided in section 4.04 of this revenue procedure) with the Andover Service Center.

.08 Applicants and Electronic Filers described in sections 4.01 through 4.04 of this revenue procedure that intend to participate as a Transmitter or a Software Developer in the Form 1040 ELF Program must first successfully complete the necessary testing at the appropriate service center(s).

.09 Each individual listed as a Principal or a Responsible Official must:

(1) be a United States citizen or an alien lawfully admitted for permanent residence as described in 8 U.S.C. §1101(a)(20) (1994);

(2) have attained the age of 21 as of the date of application;

(3) submit with Form 8633 one standard fingerprint card with a full set of fingerprints taken by a law enforcement agency, except as provided in section 4.13 of this revenue procedure;

(4) pass a suitability check that includes a credit check, a tax compliance check, and a fingerprint check; and

(5) meet any applicable state and local licensing and/or bonding requirements in connection with the preparation of tax returns and the collection of prepared returns that taxpayers intend to have electronically filed. However, if the state and local licens-

ing and/or bonding requirements apply to a business entity, the individual(s) must demonstrate that the business entity meets the requirements.

.10 A Principal for a firm or organization includes the following:

(1) Sole Proprietorship. The sole proprietor is the Principal for a sole proprietorship.

(2) Partnership. Each partner who has a 5 percent or more interest in the partnership is a Principal of the partnership. If no partner has at least a 5 percent or more interest in the partnership, the Principal is an individual authorized to act for the partnership in legal and/or tax matters (at least one such individual must be listed on Form 8633).

(3) Corporation. The President, Vice-President, Secretary, and Treasurer of the corporation are each a Principal of the corporation.

(4) Other. The Principal for a for-profit entity that is not a sole proprietorship, partnership, or corporation, is an individual authorized to act for the entity in legal and/or tax matters (at least one such individual must be listed on Form 8633).

.11 A Responsible Official is the individual who oversees the daily operations of an Electronic Filer's office. A Responsible Official may also be a Principal. As set forth in section 4.12 of this revenue procedure, a Responsible Official may be responsible for more than one office.

.12 The Responsible Official categories are:

(1) TIER I RESPONSIBLE OFFICIAL. A "Tier I Responsible Official" is a Responsible Official who does not meet the definition of a "Tier II Responsible Official." A Tier I Responsible Official should be able to visit on a daily basis each office for which he or she is listed as a Responsible

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Official. A Tier I Responsible Official may be listed on a maximum of ten applications (Forms 8633).

(2) **TIER II RESPONSIBLE OFFICIAL.** A "Tier II Responsible Official" is an individual who has participated in the Form 1040 ELF Program as a Responsible Official during at least the two most recent filing seasons and who has never been suspended from participation in the Form 1040 ELF Program. A Tier II Responsible Official should be able to visit on a daily basis any office for which he or she is listed as a Responsible Official. A Tier II Responsible Official may be listed on a maximum of twenty applications (Forms 8633).

.13 An individual may choose to submit evidence of the individual's professional status in lieu of a standard fingerprint card if the individual is:

(1) an attorney in good standing of the bar of the highest court of any State, Commonwealth, possession, territory, or the District of Columbia, and is not currently under suspension or disbarment from practice before the Service or the bar of the highest court of any State, Commonwealth, possession, territory, or the District of Columbia;

(2) a certified public accountant who is duly qualified to practice as a certified public accountant in any State, Commonwealth, possession, territory, or the District of Columbia, and is not currently under suspension or disbarment from practice before the Service or whose license to practice is not currently suspended or revoked by any State, Commonwealth, possession, territory, or the District of Columbia;

(3) an enrolled agent pursuant to part 10 of 31 C.F.R. Subtitle A;

(4) an officer of a publicly held corporation; or

(5) a banking official who is bonded and has been fingerprinted within the last two years.

.14 If an Electronic Filer has a foreign location, the stateside contact representative will receive all Service correspondence for the foreign location relating to the Form 1040 ELF Program.

.15 The Service will issue credentials to eligible applicants for the Form 1040 ELF Program, as well as Electronic Filers that do not have to reapply pursuant to section 4.01, 4.03, or 4.04 of this revenue procedure (provided they have first satisfactorily completed the testing described in section 4.08 of this revenue procedure if they intend to participate as a Transmitter or Software Developer). No one may participate in the Form 1040 ELF Program without the following credentials:

(1) a letter of acceptance into the Form 1040 ELF Program;

(2) an Electronic Filing Identification Number (EFIN) or a Service Bureau Identification Number (SBIN);

(3) if appropriate, an Electronic Transmitter Identification Number (ETIN); and

(4) if appropriate, a Collection Point Identification Number (CPIN).

.16 The Service will not issue a letter of acceptance to participate in the Form 1040 ELF Program to an ERO if the Service did not receive and accept during the most recent Form 1040 ELF Program any electronically filed returns containing the ERO's EFIN. In addition, an ERO may be dropped from the Form 1040 ELF Program if the Service does not receive and accept prior to April 15, 1998, any electronically filed returns containing the ERO's EFIN. In either case, the Service will notify the ERO that it has been dropped from the Form 1040 ELF Program and explain what steps the ERO needs to

take for future participation in the program.

.17 If an Electronic Filer is a Software Developer that performs no other function in the Form 1040 ELF Program but software development, no Principal or Responsible Official needs to pass a suitability check.

.18 If an Electronic Filer will have a Drop-Off Collection Point(s) (as defined in section 3.04 of this revenue procedure), an Electronic Filer must submit a Form 8633 that lists each Drop-Off Collection Point. By listing a Drop-Off Collection Point on Form 8633, an Electronic Filer becomes a "parent" in relation to a listed Drop-Off Collection Point.

.19 The Service may reject an application to participate in the Form 1040 ELF Program for the following reasons (this list is not all-inclusive). These reasons apply to any firm, organization, Principal, or Responsible Official listed on Form 8633:

(1) conviction of any criminal offense under the revenue laws of the United States, or of any offense involving dishonesty or breach of trust;

(2) failure to file timely and accurate tax returns, including returns indicating that no tax is due;

(3) failure to timely pay any tax liabilities;

(4) assessment of tax penalties;

(5) suspension/disbarment from practice before the Service;

(6) disreputable conduct or other facts that would reflect adversely on the Form 1040 ELF Program;

(7) misrepresentation on an application;

(8) suspension or rejection from the program in a prior year;

(9) unethical practices in return preparation;

(10) stockpiling returns prior to official acceptance into the



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Form 1040 ELF Program (see section 5.14 of this revenue procedure);

(11) knowingly and directly or indirectly employing or accepting assistance from any firm, organization, or individual that is prohibited from applying to participate in the Form 1040 ELF Program (see section 13.10 of this revenue procedure) or that is suspended from participating in the Form 1040 ELF Program (see section 13.11 of this revenue procedure). This includes any individual whose actions resulted in the rejection or suspension of a corporation or a partnership from the Form 1040 ELF Program; or

(12) knowingly and directly or indirectly accepting employment as an associate, correspondent, or as a subagent from, or sharing fees with, any firm, organization, or individual that is prohibited from applying to participate in the Form 1040 ELF Program (see section 13.10 of this revenue procedure) or that is suspended from participating in the Form 1040 ELF Program (see section 13.11 of this revenue procedure). This includes any individual whose actions resulted in the rejection or suspension of a corporation or a partnership from the Form 1040 ELF Program.

### SECTION 5. RESPONSIBILITIES OF AN ELECTRONIC FILER

.01 To ensure that complete returns are accurately and efficiently filed, an Electronic Filer must comply with all publications and notices of the Service relating to electronic filing. Currently, these publications and notices include:

(1) Publication 1345, Handbook for Electronic Filers of Individual Income Tax Returns, and Publication 1345A, Handbook for Electronic Filers of Individual Income Tax Returns (Supplement);

(2) Publication 1346, Electronic Return File Specifications

and Record Layouts for Individual Income Tax Returns;

(3) Publication 1436, Test Package for Electronic Filing of Individual Income Tax Returns; and

(4) Postings to the Electronic Filing System Bulletin Board (EFS Bulletin Board).

.02 An Electronic Filer must maintain a high degree of integrity, compliance, and accuracy.

.03 An Electronic Filer may accept returns for electronic filing only from taxpayers, from Drop-Off Collection Points as listed on the Electronic Filer's Form 8633 (see section 4.18 of this revenue procedure), or from another Electronic Filer.

.04 If the taxpayer's address on a Form W-2, Wage and Tax Statement, Form W-2G, Statement for Recipients of Certain Gambling Winnings, Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., Form 1040, Schedule C, Profit or Loss From Business (Sole Proprietorship), or Form 1040, Schedule C-EZ, Profit or Loss From Business - Short Version, or any other tax form is different than the taxpayer's address in the entity section of the electronic portion of the taxpayer's Form 1040, the ERO or the Service Bureau must input for transmission to the Service those addresses that differ from the taxpayer's address on the electronic portion of the taxpayer's Form 1040.

.05 If an Electronic Filer charges a fee for the electronic transmission of a tax return, the fee may not be based on a percentage of the refund amount or any other amount from the tax return. An Electronic Filer may not charge a separate fee for Direct Deposit. See section 9 of this revenue procedure.

.06 An Electronic Filer must submit a revised Form 8633 (or a letter as provided in section 4.04 of this revenue procedure) to the

Andover Service Center within 30 days of when any of the conditions or changes described in section 4.03 or 4.04 of this revenue procedure occur. See section 4.06 of this revenue procedure.

.07 An Electronic Filer must notify the Andover Service Center within 30 days of discontinuing its participation in the Form 1040 ELF Program. This does not preclude reapplication in the future.

.08 An Electronic Filer must ensure that it promptly processes returns submitted to it for electronic filing. See sections 5.14, 5.15, 5.16, and 7.01 of this revenue procedure. However, an Electronic Filer that receives a return for electronic filing on or before the due date of the return must ensure that the electronic return is filed on or before that due date (including extensions). An electronic return is not considered filed until the electronic portion of the tax return has been acknowledged by the Service as accepted for processing and a completed and signed Form 8453 has been received by the Service. However, if the electronic portion of a return is successfully transmitted on or shortly before the due date and the Electronic Filer complies with section 7.01 of this revenue procedure, the return will be deemed timely filed. If the electronic portion of a return is transmitted on or shortly before the due date and is ultimately rejected, but the Electronic Filer and the taxpayer comply with section 5.13 of this revenue procedure, the return will be deemed timely filed. For a balance due return, see section 11 of this revenue procedure for instructions on how to make a timely payment of tax.

.09 An Electronic Filer that functions as an ERO must:

(1) comply with the procedures for completing and securing Forms 8453 described in section 7 of this revenue procedure;

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(2) comply with the procedures described in section 11 of this revenue procedure for handling a balance due return;

(3) while returns are being filed by the ERO, retain and make available to the Service upon request the following material at the business address from which a return was accepted for electronic filing:

(a) a copy of the signed Form 8453 and paper copies of Forms W-2, W-2G, and 1099-R;

(b) a complete copy of the electronic portion of the return (may be retained on magnetic media) that can be readily and accurately converted into an electronic transmission that the Service can process; and

(c) the acknowledgement file received from the Service or from a third party Transmitter; and

(4) retain until the end of the calendar year in which a return was filed, and make available to the Service upon request the materials described in section 5.09(3) of this revenue procedure at either the business address from which a return was electronically filed or from the contact representative named on Form 8633.

.10 An ERO who is the paid preparer of an electronic tax return must also retain for the prescribed amount of time the materials described in § 1.6107-1(b) that are required to be kept by an income tax return preparer.

.11 An ERO must identify the paid preparer (if any) in the appropriate field of the electronic return and ensure that the paid preparer signed Form 8453. If Form 8453 is not signed by the paid preparer, the ERO must attach to Form 8453 a copy of pages 1 and 2 of the Form 1040EZ, Form 1040A, or Form 1040 signed by the paid preparer. These copies must be marked "COPY-DO NOT PROCESS" to prevent duplicate filings.

.12 An ERO must ensure against the unauthorized use of its EFIN and, if applicable, the CPIN(s) issued to its Drop-Off Collection Point(s). An ERO must not transfer its EFIN or the CPIN(s) of its Drop-Off Collection Point(s) by sale, merger, loan, gift, or otherwise to another entity.

.13 If the Service rejects the electronic portion of a taxpayer's return (the Service states whether it accepts or rejects the electronic portion of a taxpayer's return in an "acknowledgment file"), and the reason for the rejection cannot be rectified by the actions described in section 6.02(3) of this revenue procedure, the ERO, within 24 hours of receiving the rejection, must take reasonable steps to inform the taxpayer that the taxpayer's return has not been filed. When the ERO advises the taxpayer that the taxpayer's return has not been filed, the ERO must provide the taxpayer with the reject code(s), an explanation of the reject code(s), and the sequence number of each reject code(s). If the taxpayer chooses not to have the electronic portion of the return corrected and transmitted to the Service, or if the electronic portion of the return cannot be accepted for processing by the Service, the taxpayer must file a paper return by the later of:

(1) the due date of the return; or

(2) ten calendar days after the date the Service gives notification that the electronic portion of the return is rejected or that the electronic portion of the return cannot be accepted for processing. The paper return should include an explanation of why the return is being filed after the due date.

.14 An ERO is responsible for ensuring that stockpiling does not occur at its office(s) or Drop-Off Collection Point(s). Stockpiling means collecting returns from taxpayers or from another Electronic Filer prior to official acceptance into the Form 1040 ELF

Program, or, after official acceptance into the Form 1040 ELF Program, waiting more than three calendar days to transmit a return to the Service after receiving the information necessary for an electronic transmission of a tax return.

.15 An Electronic Filer who participates as a Service Bureau must:

(1) deliver all electronic returns to a Transmitter or to the ERO who gave the electronic returns to the Service Bureau within three calendar days of receipt;

(2) retrieve the acknowledgement file from the Transmitter within one calendar day of receipt by the Transmitter;

(3) send the acknowledgement file to the ERO (whether related or not) within one work day of retrieving the acknowledgement file;

(4) if the Service Bureau processes Forms 8453, send back to the ERO any return and Form 8453 that needs correction, unless the correction is described in section 6.02(3) of this revenue procedure;

(5) accept tax return information only from Electronic Filers;

(6) include its SBIN and the ERO's EFIN with all return information the Service Bureau forwards to a Transmitter or sends back to an ERO;

(7) retain each acknowledgement file received from a Transmitter until the end of the calendar year in which the electronic return was filed;

(8) if requested, serve as a contact point between its client EROs and the Service;

(9) if requested, provide the Service with a list of each client ERO; and

(10) ensure against the unauthorized use of its SBIN. A Service Bureau must not transfer its SBIN by sale, merger, loan, gift, or otherwise to another entity.

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.16 An Electronic Filer who participates as a Transmitter must:

(1) transmit all electronic returns within three calendar days of receipt;

(2) retrieve the acknowledgement file within two work days of transmission;

(3) match the acknowledgement file to the original transmission file and send the acknowledgement file to the ERO or the Service Bureau (whether or not the ERO or the Service Bureau are related to the Transmitter) within two work days of retrieving the acknowledgement file;

(4) retain an acknowledgement file received from the Service until the end of the calendar year in which the electronic return was filed;

(5) immediately contact the appropriate service center's Electronic Filing Unit for further instructions if an acknowledgement of acceptance for processing has not been received by the Transmitter within two work days of transmission or if a Transmitter receives an acknowledgement for a return that was not transmitted on the designated transmission;

(6) promptly correct any transmission error that causes an electronic transmission to be rejected;

(7) contact the appropriate service center's Electronic Filing Unit for assistance if a return has been rejected after three transmission attempts;

(8) ensure the security of all transmitted data;

(9) ensure against the unauthorized use of its EFIN or ETIN. A Transmitter must not transfer its EFIN or ETIN by sale, merger, loan, gift, or otherwise to another entity; and

(10) not use software that has a Service assigned production password built into the software.

.17 A Transmitter who provides transmission services to other unrelated Electronic Filers must accept electronic returns for transmission to the Service only

from accepted Electronic Filers. A Transmitter must include the ERO's EFIN and if applicable, the CPIN on each return that the Transmitter accepts from an ERO. In addition, a Transmitter must also include a Service Bureau's SBIN if a Service Bureau formats the return information.

.18 An Electronic Filer who participates as a Software Developer must:

(1) promptly correct any software error which causes the electronic portion of a return to be rejected;

(2) promptly distribute any software correction;

(3) ensure that any software package that will be used to transmit electronic returns from multiple Electronic Filers has the capability of combining returns from these Electronic Filers into one Service transmission file taking into account the sorting requirements of the Declaration Control Number (DCN);

(4) ensure that no other entity uses the Software Developer's EFIN or ETIN. A Software Developer must not transfer by sale, merger, loan, gift, or otherwise its EFIN or ETIN to another entity; and

(5) not incorporate into its software a Service assigned production password.

.19 An Electronic Filer with a Drop-Off Collection Point is the ERO for that Drop-Off Collection Point. The ERO must clearly display its name at each Drop-Off Collection Point. The Service will hold the ERO responsible for any violation of the advertising standards described in section 12 or any other violation of this revenue procedure that occurs at a Drop-Off Collection Point listed on the ERO's Form 8633. The ERO must also serve as the contact point between the Service and the Drop-Off Collection Point for all correspondence including problem resolution and report evaluation.

.20 In addition to the specific responsibilities described in this section, an Electronic Filer must meet all the requirements in this revenue procedure to retain the privilege of participating in the Form 1040 ELF Program.

## SECTION 6. PENALTIES

.01 Penalties for Disclosure or Use of Information.

(1) An Electronic Filer, except a Software Developer, is a tax return preparer (Preparer) under the definition of § 301.7216-1(b) of the Regulations on Procedure and Administration. A Preparer is subject to a criminal penalty for unauthorized disclosure or use of tax return information. See § 7216 of the Internal Revenue Code and § 301.7216-1(a). In addition, § 6713 establishes civil penalties for unauthorized disclosure or use of tax return information.

(2) Under § 301.7216-2(h), disclosure of tax return information among accepted Electronic Filers for the purpose of preparing a return is permissible. For example, an ERO may pass on tax return information to a Service Bureau and/or a Transmitter for the purpose of having an electronic return formatted and transmitted to the Service. However, if the tax return information is disclosed or used in any other way, a Service Bureau and/or a Transmitter may be subject to the penalties described in section 6.01(1) of this revenue procedure.

.02 Other Preparer Penalties.

(1) Preparer penalties may be asserted against an individual or firm meeting the definition of an income tax return preparer under § 7701(a)(36) and § 301.7701-15. Preparer penalties that may be asserted under appropriate circumstances include, but are not limited to, those set forth in §§ 6694, 6695, and 6713.

(2) Under § 301.7701-15(d), Electronic Return Collectors, Service Bureaus, Transmitters, and

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Software Developers are not income tax return preparers for the purpose of assessing most preparer penalties as long as their services are limited to "typing, reproduction, or other mechanical assistance in the preparation of a return or claim for refund."

(3) If an Electronic Return Collector, Service Bureau, Transmitter, or the product of a Software Developer alters the return information in a nonsubstantive way, this alteration will be considered to come under the "mechanical assistance" exception described in § 301.7701-15(d)(1). A nonsubstantive change is a correction or change limited to a transposition error, misplaced entry, spelling error, or arithmetic correction that falls within the following tolerances:

(a) the amount of "Total tax", "Federal income tax withheld", "Refund", or "Amount you owe" on Form 8453 differs from the corresponding amount on the electronic portion of the tax return by no more than \$7;

(b) the amount of "Total income" on Form 8453 differs from the corresponding amount on the electronic portion of the tax return by no more than \$25; or

(c) dropping cents and rounding to whole dollars.

(4) If an Electronic Return Collector, Service Bureau, or Transmitter alters the return information in a substantive way, rather than having the taxpayer alter the return, the Electronic Return Collector, Service Bureau, or Transmitter will be considered to be an income tax return preparer for purposes of § 7701(a)(36).

(5) If an Electronic Return Collector, Service Bureau, or Transmitter, or the product of a Software Developer, goes beyond mechanical assistance, any of these parties may be held liable for income tax return preparer penalties. See Rev. Rul. 85-189, 1985-2 C.B. 341 (which describes a situation where a Software Developer was determined to be an

income tax return preparer and subject to certain preparer penalties).

.03 Other Penalties. In addition to the above specified provisions, the Service reserves the right to assert all appropriate preparer, nonpreparer, and disclosure penalties against an Electronic Filer as warranted under the circumstances.

### **SECTION 7. FORM 8453, U.S. INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING**

.01 Procedures for Completing Form 8453.

(1) Form 8453 must be completed in accordance with the instructions for that form.

(2) The taxpayer(s)'s name, address, social security number(s), tax return information, and direct deposit of refund information in the electronic transmission must be identical to the information on the Form 8453 that the taxpayer(s) signed and provided for submission to the Service.

(3) An Electronic Filer, a financial institution, or any other entity associated with the electronic filing of a taxpayer's return must not put its address in the section reserved for the taxpayer's address on Form 8453 or anywhere in the electronic portion of a return.

(4) Before the electronic portion of the return is transmitted, the taxpayer must verify the information on the electronic portion of the return and on Form 8453, and must sign Form 8453. Both spouses' signatures are required on the Form 8453 prior to the electronic transmission of a joint tax return. The taxpayer may verify the information on the electronic portion of the return by viewing this information on a computer display terminal. A taxpayer need not verify the electronic portion of the return prior to its transmission if the taxpayer provided a completed paper return for filing

and the information on the electronic portion is identical to the information provided by the taxpayer.

(5) An Electronic Filer must submit the taxpayer's Form 8453 to the appropriate service center within one work day after the Electronic Filer receives acknowledgment that the electronic portion of the taxpayer's return has been accepted for processing.

(6) If an Electronic Filer functions as an ERO, the Electronic Filer must sign the ERO's Declaration on Form 8453.

(7) If the ERO is also the paid preparer, the ERO must check the "Paid Preparer" box and sign the ERO Declaration on Form 8453.

.02 Corrections to Form 8453.

(1) A new Form 8453 is not required for a nonsubstantive change. A nonsubstantive change is limited to a correction that does not exceed the tolerances, described in section 7.02(2) of this revenue procedure for arithmetic errors, a transposition error, a misplaced entry, or a spelling error. The incorrect nonsubstantive information must be neatly lined through on the Form 8453 and the correct data entered next to the lined-through entry. Also, the individual making the correction must initial the correction.

(2) The tolerances for section 7.02(1) of this revenue procedure are:

(a) the amount of "Total income" does not differ from the amount on the electronic tax return by more than \$25; or

(b) the amount of "Total tax", "Federal income tax withheld", "Refund", or "Amount you owe" does not differ from the amount on the electronic portion of the tax return by more than \$7.

(3) If the ERO makes a substantive change to the electronic portion of the return after Form 8453 has been signed by the taxpayer, but before it is transmitted, the ERO must have all the neces-

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sary parties described above sign a new Form 8453 that reflects the corrections before the return is transmitted.

(4) Dropping cents or rounding to whole dollars does not constitute a substantive change or alteration to the return unless the amount differs by more than the above tolerances. All rounding should be accomplished in accordance with the instructions in the Form 1040 tax package.

.03 Missing Form 8453. If the Service determines that a Form 8453 is missing, the ERO must provide the Service with a replacement. The ERO must also provide a copy of the Form(s) W-2, W-2G, 1099R, and all other attachments to Form 8453.

.04 Substitute Form 8453. If a substitute Form 8453 is used, it must be approved by the Service prior to use. See Rev. Proc. 96-48, 1996-2 C.B. 339.

### SECTION 8. INFORMATION AN ELECTRONIC FILER MUST PROVIDE TO THE TAXPAYER

.01 The ERO must furnish the taxpayer with a complete paper copy of the taxpayer's return. However, the copy need not contain the social security number of the paid preparer. See Rev. Rul. 78-317, 1978-2 C.B. 335. A complete copy of a taxpayer's return includes:

(1) Form 8453 and other paper documents that cannot be electronically transmitted; and

(2) a printout of the electronic portion of the return. See section 2.02 of this revenue procedure. The electronic portion of the return can be contained on a replica of an official form or on an unofficial form. However, on an unofficial form, data entries must be referenced to the line numbers on an official form. Also, a printout of the electronic portion of the return does not have to be provided to the taxpayer if the taxpayer provided a completed paper return for electronic filing and

the information on the electronic portion of the return is identical to the information provided by the taxpayer.

.02 The ERO must advise the taxpayer to retain a complete copy of the return and any supporting material.

.03 The ERO must advise the taxpayer that an amended return, if needed, must be filed as a paper return and mailed to the service center that would handle the taxpayer's paper return.

.04 The ERO must, upon request, provide the taxpayer with the Declaration Control Number and the date the Service gave notification that the electronic portion of the taxpayer's return was accepted for processing.

.05 The ERO must advise taxpayers that they can call the local IRS TeleTax number to inquire about the status of their tax refund. The ERO should also advise taxpayers to wait at least three weeks from the date the Service accepted the electronic portion of the taxpayer's return for processing before calling the TeleTax number.

.06 If a taxpayer chooses to use an address other than his or her home address on the return, the Electronic Filer must inform the taxpayer that the address on the electronic portion of the return, once processed by the Service, will be used to update the taxpayer's address of record. The Internal Revenue Service uses the taxpayer's address of record for various notices that are required to be sent to a taxpayer's "last known address" under the Internal Revenue Code, and for refunds of overpayments of tax (unless otherwise specifically directed by the taxpayer, such as by Direct Deposit).

### SECTION 9. DIRECT DEPOSIT OF REFUNDS

.01 The Service will ordinarily process a request for Direct De-

posit but reserves the right to issue a paper refund check.

.02 The Service does not guarantee a specific date by which a refund will be directly deposited into the taxpayer's financial institution account.

.03 Neither the Service nor Financial Management Service (FMS) is responsible for the misapplication of a Direct Deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, Electronic Filer, financial institution, or any of their agents.

.04 An ERO must:

(1) advise taxpayers of the option to receive their refund by paper check or direct deposit;

(2) not charge a separate fee for a Direct Deposit;

(3) accept any Direct Deposit election to any eligible financial institution designated by the taxpayer;

(4) ensure that the taxpayer is eligible to choose Direct Deposit;

(5) verify that the taxpayer has entered the Direct Deposit information requested on Part II of Form 8453 correctly and that the information entered is the information transmitted with the electronic portion of the return;

(6) caution the taxpayer that once an electronic return has been accepted for processing by the Service:

(a) the Direct Deposit election cannot be rescinded;

(b) the Routing Transit Number (RTN) of the financial institution cannot be changed; and

(c) the taxpayer's account number cannot be changed; and

(7) advise the taxpayer that refund information is available by calling the local IRS TeleTax number. See section 8.05 of this revenue procedure.

### SECTION 10. REFUND ANTICIPATION LOANS

.01 A Refund Anticipation Loan (RAL) is money borrowed by a

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taxpayer that is based on a taxpayer's anticipated income tax refund. The Service has no involvement in RALs. A RAL is a contract between the taxpayer and the lender.

.02 Any entity that is involved in the Form 1040 ELF Program, including a financial institution that accepts direct deposits of income tax refunds, has an obligation to every taxpayer who applies for a RAL to clearly explain to the taxpayer that a RAL is in fact a loan, and not a substitute for or a quicker way of receiving an income tax refund. An Electronic Filer must advise the taxpayer that if a Direct Deposit is not timely, the taxpayer may be liable to the lender for additional interest on the RAL.

.03 An Electronic Filer may assist a taxpayer in applying for a RAL.

.04 An Electronic Filer may charge a flat fee to assist a taxpayer in applying for a RAL. The fee must be identical for all of the Electronic Filer's customers and must not be related to the amount of the refund or a RAL. The Electronic Filer must not accept a fee from a financial institution for any service connected with a RAL that is contingent upon the amount of the refund or a RAL.

.05 The Service has no responsibility for the payment of any fees associated with the preparation of a return, the electronic transmission of a return, or a RAL.

.06 An Electronic Filer may disclose tax information to the lending financial institution in connection with an application for a RAL only with the taxpayer's written consent as specified in § 301.7216-3(b).

.07 An Electronic Filer that is also the return preparer, and the financial institution or other lender that makes an RAL, may not be related taxpayers within the meaning of §267 or §707.

.08 Section 6695(f) imposes a \$500 penalty on a return preparer

who endorses or negotiates a refund check issued to any taxpayer other than the return preparer. However, a bank, as defined in § 581, may accept the full amount of a refund check as a deposit in the taxpayer's account for the benefit of the taxpayer. Section 1.6695-1(f) clarifies §6695(f) by explaining that the prohibition on a return preparer negotiating a refund check is limited to a refund check for a return that the return preparer prepared. A preparer that is also a financial institution, but has not made a loan to the taxpayer on the basis of the taxpayer's anticipated refund, may

(1) cash a refund check and remit all of the cash to the taxpayer or accept a refund check for deposit in full to a taxpayer's account, provided the bank does not initially endorse or negotiate the check; or

(2) endorse a refund check for deposit in full to a taxpayer's account pursuant to a written authorization of the taxpayer. A preparer bank may also subsequently endorse or negotiate a refund check as part of the check-clearing process through the financial system after initial endorsement. Any income tax return preparer that violates this provision may be suspended from the Form 1040 ELF Program.

### SECTION 11. BALANCE DUE RETURNS

.01 All service centers that accept electronically filed returns will accept electronically filed balance due returns.

.02 The Electronic Filer must furnish Form 1040-V, Payment Voucher, to a taxpayer who electronically files a balance due return.

.03 To expedite the crediting of a tax payment, a taxpayer who electronically files a balance due return should mail his or her tax payment with either Form 1040-V or the scannable payment vouch-

er that is included in some tax packages. Each of these options has specific mailing instructions.

.04 A taxpayer who electronically files a balance due return must make a full and timely payment of any tax that is due. Failure to make full payment of any tax that is due on or before April 15, 1998, will result in the imposition of interest and may result in the imposition of penalties.

### SECTION 12. ADVERTISING STANDARDS FOR ELECTRONIC FILERS AND FINANCIAL INSTITUTIONS

.01 An Electronic Filer shall comply with the advertising and solicitation provisions of 31 C.F.R. Part 10 (Treasury Department Circular No. 230). This circular prohibits the use or participation in the use of any form of public communication containing a false, fraudulent, misleading, deceptive, unduly influencing, coercive, or unfair statement or claim. Any claims concerning faster refunds by virtue of electronic filing must be consistent with the language in official Service publications.

.02 An Electronic Filer must adhere to all relevant federal, state, and local consumer protection laws that relate to advertising and soliciting.

.03 An Electronic Filer must not use the Service's name, "Internal Revenue Service" or "IRS", within a firm's name.

.04 An Electronic Filer must not use improper or misleading advertising in relation to the Form 1040 ELF Program (including the time frames for refunds and RALs).

.05 An Electronic Filer using electronic filing promotional materials or logos provided by the Service must comply with all Service instructions pertaining to the promotional materials or logos.

.06 Use of Direct Deposit name and logo.

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(1) The name "Direct Deposit" will be used with initial capital letters or all capital letters.

(2) The logo/graphic for Direct Deposit will be used whenever feasible in advertising copy.

(3) The color or size of the Direct Deposit logo/graphic may be changed when used in advertising pieces.

.07 Advertising materials shall not carry the FMS, IRS, or other Treasury Seals.

.08 Advertising for a cooperative electronic return filing project (public/private sector) must clearly state the names of all cooperating parties.

.09 In advertising the availability of a RAL, an Electronic Filer and a financial institution must clearly (and, if applicable, in easily readable print) refer to or describe the funds being advanced as a loan, not a refund; that is, it must be made clear in the advertising that the taxpayer is borrowing against the anticipated refund and not obtaining the refund itself from the financial institution.

.10 If an Electronic Filer uses radio or television broadcasting to advertise, the broadcast must be pre-recorded. The Electronic Filer must keep a copy of the pre-recorded advertisement for a period of at least 36 months from the date of the last transmission or use.

.11 If an Electronic Filer uses direct mail or fax communications to advertise, the Electronic Filer must retain a copy of the actual mailing or fax, along with a list or other description of the firms, organizations, or individuals to whom the communication was mailed, faxed, or otherwise distributed for a period of at least 36 months from the date of the last mailing, fax, or distribution.

.12 Acceptance to participate in the Form 1040 ELF Program does not imply endorsement by the Service, FMS, or the Treasury Department of the software or quality of services provided.

### SECTION 13. MONITORING AND SUSPENSION OF AN ELECTRONIC FILER

.01 The Service will monitor an Electronic Filer for conformity with this revenue procedure. Before suspending an Electronic Filer, the Service may issue a warning letter that describes specific corrective action for deviations from this revenue procedure. However, the Service can immediately suspend, without notice, an Electronic Filer from the Form 1040 ELF Program. In most circumstances, a suspension from participation in the Form 1040 ELF Program is effective as of the date of the letter informing the Electronic Filer of the suspension.

.02 If a Principal or Responsible Official is suspended from the Form 1040 ELF Program, every entity that listed the suspended Principal or Responsible Official on its Form 8633 may also be suspended.

.03 The Service will monitor the timely receipt of Forms 8453, as well as their overall legibility.

.04 The Service will monitor the quality of an Electronic Filer's transmissions throughout the filing season. The Service will also monitor the electronic portion of returns and tabulate rejections, errors, and other defects. If quality deteriorates, the Electronic Filer will receive a warning from the Service.

.05 The Service will monitor Drop-Off Collection Points and advise a parent of any Form 1040 ELF Program violations the Service has encountered with a parent's Drop-Off Collection Point. If a parent fails to correct a Drop-Off Collection Point problem, the parent will be required to eliminate that Drop-Off Collection Point. Failure to take corrective action or eliminate a Drop-Off Collection Point may cause the Service to suspend the parent from participating in the Form 1040 ELF Program.

.06 The Service will monitor complaints about an Electronic Filer and issue a warning or suspension letter as appropriate.

.07 The Service reserves the right to suspend an Electronic Filer from participation in the Form 1040 ELF Program for violating any provision of this revenue procedure. Generally, the Service will advise a suspended Electronic Filer concerning the requirements for reacceptance into the Form 1040 ELF Program. The following reasons may lead to a warning letter and/or suspension of an Electronic Filer from the Form 1040 ELF Program (this list is not all-inclusive):

(1) the reasons listed in section 4.19 of this revenue procedure;

(2) deterioration in the format of individual transmissions;

(3) unacceptable cumulative error or rejection rate;

(4) untimely received, illegible, incomplete, missing, or unapproved substitute Forms 8453;

(5) stockpiling returns at any time while participating in the Form 1040 ELF Program;

(6) failure on the part of a Transmitter to retrieve acknowledgement files within two work days of transmission by the Service;

(7) failure on the part of a Transmitter to provide an ERO or Service Bureau with acknowledgement files within two work days after receipt from the Service;

(8) significant complaints about an Electronic Filer's performance in the Form 1040 ELF Program;

(9) failure on the part of an Electronic Filer to ensure against the unauthorized use of its EFIN and/or ETIN;

(10) having more than one EFIN for the same business entity at the same location (the business entity is generally the entity that reports on its return the income derived from electronic filing), unless the Service has

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issued more than one EFIN to a business entity at the same location. For example, the Service may issue more than one EFIN to accommodate high volumes of returns;

(11) failure on the part of a Transmitter to include a Service Bureau's SBIN in the transmission of a return submitted by a Service Bureau;

(12) failure on the part of an ERO to include a Drop-Off Collection Point's CPIN as part of a return collected from a Drop-Off Collection Point;

(13) failure on the part of an Electronic Filer to cooperate with the Service's efforts to monitor Electronic Filers and investigate electronic filing abuse;

(14) failure on the part of an Electronic Filer to properly use the standard/non-standard W-2 indicator;

(15) failure on the part of an Electronic Filer to properly use the refund anticipation loan (RAL) indicator;

(16) failure on the part of a Service Bureau or a Transmitter to include the ERO's EFIN as part of a return that the ERO submits to the Service Bureau or the Transmitter;

(17) violation of the advertising standards described in section 12 of this revenue procedure;

(18) failure to maintain and make available records as described in section 5.09(4) of this revenue procedure;

(19) accepting a tax return for electronic filing either directly or indirectly from a firm, organization, or individual (other than the taxpayer who is submitting his or her return) that is not in the Form 1040 ELF Program;

(20) submitting the electronic portion of a return with information that is not identical to the information on Form 8453; or

(21) failure to timely submit a revised Form 8633 (or a letter containing the same information contained in a revised Form 8633) notifying the Service of

changes described in section 4.03 or 4.04 of this revenue procedure.

.08 The Service may list in the Internal Revenue Bulletin, district office listings, district office newsletters, and the EFS Bulletin Board the name and owner(s) of any entity suspended from the Form 1040 ELF Program and the effective date of the suspension.

.09 A district director may warn Electronic Filers who are using the services of a rejected or a suspended Electronic Filer that sections 4.19(11) and (12) of this revenue procedure prohibit a business relationship with a rejected or a suspended Electronic Filer. However, in appropriate circumstances, the Service may immediately suspend the Electronic Filer.

.10 If an Electronic Filer is suspended from participating in the Form 1040 ELF Program, the period of suspension includes the remainder of the calendar year in which the suspension occurs plus the next two calendar years. A suspended participant may submit a new application for the application period immediately preceding the end of the suspension.

### **SECTION 14. ADMINISTRATIVE REVIEW PROCESS FOR DENIAL OF PARTICIPATION IN THE FORM 1040 ELECTRONIC FILING PROGRAM**

.01 An applicant that has been denied participation in the Form 1040 ELF Program has the right to an administrative review. During the administrative review process, the denial of participation remains in effect.

.02 In response to the submission of a Form 8633, the Andover Service Center will either (1) accept an applicant into the Form 1040 ELF Program, or (2) issue a proposed letter of denial that explains to the applicant why the service center proposes to reject the application to participate in the Form 1040 ELF Program.

.03 An applicant that receives a proposed letter of denial may mail or deliver, within 30 calendar days of the date of the proposed letter of denial, a written response to the Andover Service Center. The applicant's response must address the service center's reason(s) for proposing the denial to participate.

.04 Upon receipt of an applicant's written response, the Andover Service Center will reconsider its proposed letter of denial. The service center may either (1) withdraw its proposed letter of denial and admit the applicant into the Form 1040 ELF Program, or (2) finalize the proposed denial letter.

.05 If an applicant receives a final denial letter from the Andover Service Center, the applicant is entitled to an appeal, in writing, to the Director of Practice.

.06 The appeal must be mailed or delivered to the Andover Service Center within 30 calendar days of the date of the final denial letter. An applicant's written appeal must contain a detailed explanation, with supporting documentation, of why the denial should be reversed.

.07 The Andover Service Center will, upon receipt of a written appeal to the Director of Practice, forward to the Director of Practice its file on the applicant and the material described in section 14.06 of this revenue procedure. The service center will forward these materials to the Director of Practice within 15 calendar days of receipt of the applicant's written appeal.

.08 Failure to respond within either of the 30-day periods described in sections 14.03 and 14.06 of this revenue procedure irrevocably terminates an applicant's right to an administrative review or appeal.

.09 If an application for participation in the Form 1040 ELF Program is denied, the applicant is ineligible to submit a new application for two years from the appli-



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cation date of the denied application.

### **SECTION 15. ADMINISTRATIVE REVIEW PROCESS FOR SUSPENSION FROM THE FORM 1040 ELECTRONIC FILING PROGRAM**

.01 An Electronic Filer that has been suspended from participation in the Form 1040 ELF Program has the right to an administrative review. During the administrative review process, the suspension remains in effect.

.02 If an Electronic Filer receives a suspension letter, the Electronic Filer may mail or deliver, within 30 calendar days of the date of the suspension letter, a detailed written explanation, with supporting documentation, of why the suspension letter should be withdrawn. This written response should be sent to the district office or service center that issued the suspension letter.

.03 Upon receipt of the Electronic Filer's written response, the district office or service center will reconsider its suspension of the Electronic Filer. The district office or service center may either (1) withdraw its suspension letter, or (2) affirm the suspension.

.04 If an Electronic Filer receives a letter affirming the suspension, the Electronic Filer is entitled to an appeal, in writing, to the Director of Practice.

.05 The appeal must be mailed or delivered to the district office or service center that issued the suspension letter within 30 calendar days of the date of the letter affirming the suspension. The Electronic Filer's written appeal must contain detailed reasons, with supporting documentation, for reversal of the suspension.

.06 The district office or service center whose decision to suspend is being appealed will, upon receipt of a written appeal to the Director of Practice, forward its file on the Electronic Filer to the Director of Practice. The district

office or service center will also forward to the Director of Practice the material described in section 15.05 of this revenue procedure.

The district office or the service center will forward these materials within 15 calendar days of the receipt of the Electronic Filer's written request for appeal.

.07 Failure to appeal within either of the 30-day periods described in sections 15.02 and 15.05 of this revenue procedure irrevocably terminates an Electronic Filer's right to an appeal.

### **SECTION 16. VITA AND TCE SPONSORED ELECTRONIC FILING**

.01 This revenue procedure applies to VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) sponsors subject to the exceptions and restrictions described in this section.

.02 For purposes of this section, the District Director may be represented by an individual designated by the District Director such as a District Office Electronic Filing Coordinator (DOEFC) or a Taxpayer Education Coordinator.

.03 To be accepted in, or to continue participation in, the Form 1040 ELF Program, a VITA or TCE sponsor must:

(1) have obtained the District Director's permission (and, in the case of a TCE sponsor, the permission of the Service office that is funding the TCE program) to provide electronic filing; and

(2) have a manual or electronic quality review system for each return to be electronically filed.

.04 The District Director will advise the VITA and TCE sponsor how to submit or transmit returns. Some of the options available to the District Director are:

(1) having the VITA or TCE sponsor submit returns on paper, magnetic disk, or in an electronic

transmission to the DOEFC or other locally designated office;

(2) having the VITA or TCE sponsor directly transmit returns to the appropriate service center; or

(3) having the VITA or TCE sponsor use a third party Transmitter.

.05 A VITA or TCE sponsor is not required to sign Form 8453 as ERO. However, if the VITA or TCE sponsor chooses not to sign Form 8453, the VITA or TCE sponsor must otherwise furnish on Form 8453 its VITA or TCE acronym and, if operating from multiple sites, a site designation number.

.06 A VITA or TCE sponsor can only accept a return for electronic filing that is (1) prepared at the VITA or TCE site by a VITA or TCE volunteer, (2) prepared by a taxpayer that meets the criteria for VITA or TCE assistance, or (3) prepared by a paid preparer that meets the criteria for VITA or TCE assistance.

.07 Only returns and accompanying forms and schedules included in a district, VITA, or TCE training course may be accepted for electronic filing by a VITA or TCE sponsor.

.08 A VITA or TCE sponsor and a District Director may enter into an agreement that provides for the retention of copies of tax returns and Forms 8453 by a District Director. This information must be retained by either the VITA or TCE sponsor or a District Director. This information must not be given to a third party, including a third party Transmitter.

.09 A District Director is responsible for ensuring that Form 8453 is sent to the appropriate district office or service center. However, a District Director may delegate to the VITA or TCE sponsor the responsibility for mailing Form 8453 to the appropriate district office or service center.

.10 A VITA or TCE sponsor may collect a fee only if it is di-

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rectly related to defraying the actual cost of electronically transmitting a tax return. A VITA or TCE sponsor may also collect this fee on behalf of a third party Transmitter who electronically transmitted a VITA or TCE return.

.11 Before a VITA or TCE sponsor may collect a fee for electronically filing a tax return, the VITA or TCE sponsor must ensure that the taxpayer understands that:

(1) the fee is not for the preparation of the return; and

(2) the VITA or TCE service is offered without regard to either the electronic filing of a return or the collection of a fee.

### **SECTION 17. EMPLOYER SPONSORED ELECTRONIC FILING**

.01 This revenue procedure applies to an employer who chooses to offer electronic filing as an employee benefit to

(1) business owners and spouses,

(2) employees and spouses, and/or

(3) dependents of business owners and employees, subject to the exceptions and restrictions described in this section.

.02 For purposes of this section, the District Director may be represented by an individual designated by the District Director.

.03 An employer may choose to electronically transmit returns or may arrange to have tax returns electronically transmitted through a third party. If an employer chooses to transmit returns from more than one location, the employer must submit a properly completed Form 8633 for each location.

.04 An employer may offer electronic filing as an employee benefit whether the employer chooses to transmit tax returns or contracts with a third party to transmit the tax returns.

.05 If an employer contracts with a third party to transmit tax returns, the employer may collect from participating employees a fee that is directly related to defraying the actual cost of electronically transmitting a tax return.

.06 An employer is not required to sign Form 8453 as ERO. However, if the employer chooses not to sign Form 8453, the employer must otherwise furnish on Form 8453 its name, address, and the designation "Employee Benefit," and if operating from multiple sites, a site designation number.

.07 An employer and a District Director may enter into an agreement that provides for the retention of copies of tax returns including Forms 8453. In the absence of such an agreement, this information must be retained by the employer. This information is not to be given to a third party, including a third party Transmitter.

### **SECTION 18. EFFECT ON OTHER DOCUMENTS**

Rev. Proc. 96-61, 1996-2 C.B. 401, is superseded.

### **SECTION 19. EFFECTIVE DATE**

This revenue procedure is effective December 29, 1997.

### **SECTION 20. INTERNAL REVENUE SERVICE OFFICE CONTACT**

All questions regarding this revenue procedure should be directed to the Internal Revenue Service. The telephone number for this purpose is (202) 283-0531 (not a toll-free number).

### **SECTION 21. PAPERWORK REDUCTION ACT**

The collections of information contained in this revenue procedure have been reviewed and approved by the Office of Man-

agement and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1512.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collections of information in this revenue procedure are in sections 5, 8, 9, and 12. This information is required to implement the Form 1040 ELF Program and to enable taxpayers to file their individual income tax returns electronically. The information will be used to ensure that taxpayers receive accurate and essential information regarding the filing of their electronic returns and to identify the persons involved in the filing of electronic returns. The collections of information are required to retain the benefit of participating in the Form 1040 ELF Program. The likely respondents are business or other for-profit institutions.

The estimated total annual reporting and recordkeeping burden is 1,146,272 hours.

The estimated annual burden per respondent/recordkeeper varies from six (6) minutes to 15.5 hours, depending on individual circumstances, with an estimated average of 15.28 hours (or approximately six (6) minutes per electronically filed return). The estimated number of respondents and recordkeepers is 75,000.

The estimated annual frequency of responses is on occasion.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. §6103.

## **SECTION 3 - CORRECTIONS, CHANGES, CLARIFICATIONS, UPDATES AND ADDITIONS TO PUBLICATION 1345 (REV. 9-97)**

### **3.1 - Valid Ranges of SSN, ITIN and ATIN**

The following item was posted to the Electronic Filing Bulletin Board on October 24, 1997.

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#### **SOCIAL SECURITY NUMBERS (SSN)**

SSNs must be in the following ranges so that refunds will not be delayed:

001-01-0001 through 690-99-9999  
700-01-0001 through 728-99-9999  
750-01-0001 through 763-99-9999

#### **INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS (ITIN)**

A nine-digit number issued by the Internal Revenue Service to be used by individuals who do not have a Social Security Number. See following page for more information.

The ITIN must be in the following valid ranges:

900-78-0001 through 999-78-9999  
900-79-0001 through 999-79-9999  
900-80-0001 through 999-80-9999

#### **ADOPTED TAXPAYER IDENTIFICATION NUMBERS (ATIN)**

A temporary nine-digit number issued by the Internal Revenue Service to be used for children who do not have an SSN and are in the process of being adopted. See following page for more information.

The ATIN must be in the following valid range:

900-93-0001 through 999-93-9999

### 3.2 - Additional Information about ATINs and ITINs

Beginning in Processing Year 1998 (PY98), Electronically Filed Tax Returns containing an Adoption Taxpayer Identification Number (ATIN) and an Individual Taxpayer Identification Number (ITIN) will be accepted. Please note: ATINs and ITINs are not eligible and cannot be used to claim the Earned Income Credit (EIC).

An ATIN is a temporary nine-digit number issued by the IRS to individuals who are in the process of legally adopting a U.S. citizen or resident child but who cannot get a Social Security Number (SSN) for that child in time to file their tax return. Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions, is used to apply for an ATIN. *It will usually take 4-8 weeks to receive an ATIN.* Because the ATIN is a temporary number, it will expire 2 years from the date of issue. However, the IRS will send a notice 6 months prior to the expiration date as a reminder. An extension can be obtained if the adoption will not be final by the expiration date. When an ATIN is issued, the taxpayer is notified with a CP-560A notice. EROs should use this notice to verify the ATIN belongs to the taxpayer when an ATIN is used on a tax return. In addition, ATINs are structured like an SSN, but all will begin with a 9 and the fourth and fifth digits must be 93 (9XX-93-XXXX).

An ITIN is a nine-digit number issued by the IRS to individuals who are required to have a U.S. taxpayer identification number but do not have, and are not eligible to obtain, an SSN. ITINs are intended for tax use only. For example, the numbers will create no inference regarding the immigration status of a foreign person or the right of that person to be legally employed in the United States. Form W-7, Application for IRS Individual Taxpayer Identification Number, is used to apply for an ITIN. *It will usually take approximately 14 days to receive an ITIN.* When an ITIN is issued, the taxpayer is notified with a CP-565A notice. Attached to this notice is a tear-off card which contains the taxpayers name and ITIN. This tear-off card is also known as Form 9844. EROs should use this card to verify the ITIN belongs to the taxpayer when an ITIN is used on a tax return. ITINs are structured like an SSN, but all ITINs begin with 9 and the fourth and fifth digits must be either 78, 79, or 80 (9XX-78-XXXX, 9XX-79-XXXX, or 9XX-80-XXXX).

### **3.3 - Due Diligence for Paid Preparers Relative to the Earned Income Tax Credit**

The following notice was published in Internal Revenue Bulletin 1997-51, dated December 22, 1997

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#### **FULL TEXT**

Part III -- Administrative, Procedural, and Miscellaneous

Income Tax Return Preparer Penalties -- 1997 Federal Income Tax Returns Due Diligence Requirements for Earned Income Credit (EIC)

#### **NOTICE 97-65**

#### **PURPOSE**

This notice sets forth due diligence requirements that paid preparers of federal income tax returns or claims for refund (preparers) that involve the Earned Income Tax Credit (EIC) must meet to avoid imposition of the penalty under section § 6695(g) of the Internal Revenue Code for 1997 returns and claims for refund. The Treasury Department intends to issue temporary regulations under section 6695(g) that will incorporate the requirements set forth in this notice and that will apply to 1997 returns and claims for refund. However, these regulations may impose different due diligence requirements for returns and claims for taxable years beginning after 1997. Comments are requested regarding possible alternatives for meeting the due diligence requirements in the future.

#### **BACKGROUND**

Section 6695(g), as added by section 1085(a)(2) of the Taxpayer Relief Act of 1997, Pub. L. No. 105-34, 111 Stat. 788 (August 5, 1997), imposes a \$100 penalty on a preparer with respect to any return or claim for refund for each failure to comply with the due diligence requirements imposed by regulations with respect to determining a taxpayer's eligibility for the EIC or the amount of any allowable EIC. This new penalty is effective for taxable years beginning after December 31, 1996, and is in addition to any other penalty imposed under present law.

#### **DUE DILIGENCE REQUIREMENTS FOR 1997**

For each 1997 income tax return or claim for refund involving the EIC, a preparer will be liable for the section § 6695(g) penalty unless all of the following due diligence requirements are met:

(1) The preparer must either (a) complete the "Earned Income Credit (EIC) Eligibility Checklist" (attached to this notice) or (b) otherwise record in the preparer's paper or electronic files the information that would be necessary to complete the Checklist ("alternate eligibility record"). The preparer's completion of the Checklist

or alternate eligibility record must be based on information provided by the taxpayer to the preparer or otherwise reasonably obtained by the preparer. The alternate eligibility record may consist of one or more documents containing the required information.

(2) The preparer must either (a) complete the "Earned Income Credit Worksheet" in the 1997 Form 1040 instructions, or (b) otherwise record in the preparer's paper or electronic files the preparer's EIC computation, including the method and information used to make that computation ("alternate computation record"). The preparer's completion of the Worksheet or alternate computation record must be based on information provided by the taxpayer to the preparer or otherwise reasonably obtained by the preparer. The alternate computation record may consist of one or more documents containing the required information.

(3) The preparer must not know or have reason to know that any information used by the preparer in determining the taxpayer's eligibility for the EIC or in computing the EIC is incorrect. The preparer may not ignore the implications of information furnished to, or known by, the preparer, and must make reasonable inquiries if the information furnished to, or known by, the preparer appears to be incorrect, inconsistent, or incomplete;

(4) The preparer must retain (a) the completed Checklist (or alternate eligibility record); (b) a copy of the Worksheet (or alternate computation record); and (c) a record of how and when the information was obtained by the preparer, including the identity of any person furnishing such information. These items must be retained for three years after the June 30th following the date the return was presented to the taxpayer for signature, and may be retained on magnetic media consistent with Rev. Proc. 81-46, 1981-2 C.B. 621, or in an electronic storage media system consistent with Rev. Proc. 97- 22, 1997-13 I.R.B. 9.

The section §6695(g) penalty will not be applied with respect to a particular return or claim for refund if the preparer can demonstrate to the satisfaction of the Service that, considering all the facts and circumstances, the preparer's normal office procedures are reasonably designed and routinely followed to ensure compliance with the 1997 due diligence requirements, and the failure to meet the 1997 due diligence requirements with respect to the return or claim for refund in question was isolated and inadvertent.

## REQUEST FOR COMMENTS ON FUTURE GUIDANCE

The Service and Treasury Department invite public comment on the due diligence requirements in section § 6695(g) for tax years after 1997. Comments are requested by May 15, 1998. An original and eight copies of written comments should be sent to:

Internal Revenue Service  
Attn: CC:DOM:CORP:R  
Room 5228 (IT&A:Br4)  
P.O. Box 7604  
Ben Franklin Station  
Washington, D.C. 20044,

or hand delivered between the hours of 8:00 a.m. and 5:00 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attn: CC:DOM:CORP:R  
Room 5228 (IT&A:Br4)  
1111 Constitution Ave., N.W.  
Washington, D.C.

Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to [http://www.irs.ustreas.gov/prod/tax\\_regs/comments.html](http://www.irs.ustreas.gov/prod/tax_regs/comments.html) (the IRS Internet site). All comments will be available for public inspection and copying in their entirety.

#### **PAPERWORK REDUCTION ACT**

The collections of information contained in this notice have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1570.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collections of information in this notice are contained under the heading "DUE DILIGENCE REQUIREMENTS FOR 1997" in this notice. This information is required to implement section § 6695(g), and verify that preparers have exercised due diligence in preparing any return or claim for refund for taxable year 1997 that involves the EIC. The likely record keepers are preparers.

In 1998, the estimated total annual record keeping burden will be 160,000 hours.

The estimated annual burden per record keeper will vary from 0 minutes to 16 minutes, depending on individual circumstances, with an estimated average of 8 minutes.

The estimated number of record keepers is 1,200,000.

Books or records relating to the collection of information in this notice must be retained for three years after the June 30th following the date the return was presented to the taxpayer for signature. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

**DRAFTING INFORMATION**

The principal author of this notice is Celia Gabrysh, Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this notice, contact Celia Gabrysh at (202) 622-4940 (not a toll-free number).



**EARNED INCOME CREDIT (EIC) ELIGIBILITY CHECKLIST**  
For use by income tax return preparers in preparing  
1997 tax returns and claims for refund

Taxpayer may claim the earned income credit if all the following questions are answered YES:

1. Do the taxpayer, spouse, and qualifying child each have a social security number?  
\_\_\_ YES \_\_\_ NO
2. Is the taxpayer's total taxable and nontaxable earned income at least \$1 but less than:  
\* \$9,770 if the taxpayer does not have a qualifying child?  
\* \$25,760 if the taxpayer has one qualifying child?  
\* \$29,290 if the taxpayer has more than one qualifying child?  
\_\_\_ YES \_\_\_ NO
3. Is the taxpayer's modified AGI less than:  
\* \$9,770 if the taxpayer does not have a qualifying child?  
\* \$25,760 if the taxpayer has one qualifying child?  
\* \$29,290 if the taxpayer has more than one qualifying child?  
\_\_\_ YES \_\_\_ NO
4. Is the taxpayer's investment income \$2,250 or less?  
\_\_\_ YES \_\_\_ NO
5. Is the taxpayer's filing status one of the following: married filing jointly, head of household, qualifying widow(er), or single?  
\_\_\_ YES \_\_\_ NO
6. If the taxpayer is a nonresident alien, is the filing status married filing jointly? (If taxpayer is not a nonresident alien, answer YES).  
\_\_\_ YES \_\_\_ NO
7. Answer YES if the taxpayer (and spouse if filing a joint return) is not a qualifying child of another person.  
\_\_\_ YES \_\_\_ NO
8. Answer YES if the taxpayer (and spouse if filing a joint return) is not filing Form 2555 or Form 2555-EZ to exclude from gross income any income earned in foreign countries or to deduct or exclude a foreign housing amount.  
\_\_\_ YES \_\_\_ NO

**STOP: IF THE TAXPAYER HAS A QUALIFYING CHILD, ANSWER QUESTION 9 AND SKIP 10.  
IF THE TAXPAYER DOES NOT HAVE A QUALIFYING CHILD, SKIP 9 AND ANSWER 10.**

9. (a) Does the child meet the age, relationship, and residence tests for a qualifying child? See Form 1040 instructions for Line 56a.

☐ YES ☐ NO

(b) Answer YES if the qualifying child is also a qualifying child for one or more other persons and the taxpayer's modified AGI is higher than each other person's. Answer YES if the child is a qualifying child only for the taxpayer.

☐ YES ☐ NO

(c) If the qualifying child is married, is the taxpayer claiming the child as a dependent? (If the qualifying child is not married, answer YES.)

☐ YES ☐ NO

OR

10. (a) Was the taxpayer's main home (and the spouse's if filing a joint return) in the United States for more than half the year? Military personnel on extended active duty outside the United States are considered to be living in the United States.

☐ YES ☐ NO

(b) Was the taxpayer (or spouse, if filing a joint return) at least age 25 but under 65 at the end of 1997?

☐ YES ☐ NO

(c) No one can claim the taxpayer (or spouse if filing a joint return) as a dependent on their return. If the taxpayer (and spouse if filing a joint return) is not eligible to be a dependent on anyone else's return, answer YES. If taxpayer (or spouse if filing a joint return) is eligible to be claimed as a dependent on someone else's return, answer NO.

☐ YES ☐ NO

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**PERSONS WITH A QUALIFYING CHILD:** If the taxpayer answered YES to questions 1 through 9(a), (b), and (c), the taxpayer can claim the credit. Remember to fill out Schedule EIC and attach it to the taxpayer's Form 1040 or 1040A.

\* **PERSONS WITHOUT A QUALIFYING CHILD:** If the taxpayer answered YES to questions 1 through 8 and 10(a), (b), and (c), taxpayer can claim the credit.

**IF THE TAXPAYER ANSWERED NO TO ANY QUESTION, TAXPAYER IS NOT ELIGIBLE FOR THE CREDIT.**

### 3.4 - Update: Maximum Number of Schedules and Forms Chart

The following chart is compiled from an item posted to the Electronic Filing Bulletin Board on October 14, 1997. This updates the chart found in section 18.2 of Publication 1345 (rev. 9-97).

Forms/ Schedules	Title	Maximum Number Per Return
Form 1040	U.S. Individual Income Tax Return	1
Schedule A	Itemized Deductions	1
Schedule B	Interest and Dividend Income	1
Schedule C	Profit or Loss From Business (Sole Proprietorship)	5 (total schedules C and C-EZ)
Schedule C-EZ	Net Profit From Business	1 per taxpayer (2 per joint return)
Schedule D	Capital Gains and Losses	1
Schedule E	Supplemental Income and Loss	5 (total 15 Rental Properties)
Schedule EIC	Earned Income Credit	1
Schedule F	Profit or Loss from Farming	2
Schedule H	Household Employment Taxes (Social Security, Medicare, Withheld Income and Federal Unemployment (FUTA) Taxes)	1 per taxpayer (2 per joint return)
Schedule R	Credit for the Elderly or Disabled	1
Schedule SE	Self Employment Tax	1 per taxpayer (2 per joint return)
Form 1040A	U.S. Individual Income Tax Return	1
Schedule 1 (Form 1040A)	Interest and Dividend Income for Form 1040A Filers	1
Schedule 2 (Form 1040A)	Child and Dependent Care Expenses for Form 1040A Filers	1
Schedule 3 (Form 1040A)	Credit for the Elderly or Disabled for Form 1040A Filers	1
Form 1040EZ	U.S. Tax Return for Single and Joint Filers With No Dependents	1
Form 1099-R	Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc.	10
Form W-2	Wage and Tax Statement	20
Form W-2G	Certain Gambling Winnings	30

<b>Forms/ Schedules</b>	<b>Title</b>	<b>Maximum Number Per Return</b>
Form 1116	Foreign Tax Credit	8
Form 2106	Employee Business Expense	1 per taxpayer (2 per joint return)
Form 2119	Sale of Your Home	2
Form 2210	Underpayment of Estimated Tax by Individuals and Fiduciaries	1
Form 2210F	Underpayment of Estimated Tax by Farmers and Fishermen	1
Form 2441	Child and Dependent Care Expenses	1
Form 2555	Foreign Earned Income*	1 per taxpayer (2 per joint return)
Form 2555EZ	Foreign Earned Income Exclusion*	1 per taxpayer (2 per joint return)
Form 3903	Moving Expenses	2
Form 4136	Credit for Federal Tax Paid on Fuels	1
Form 4137	Social Security and Medicare Tax on Unreported Tip Income	1 per taxpayer (2 per joint return)
Form 4255	Recapture of Investment Credit	1
Form 4562	Depreciation and Amortization	8
Form 4684	Casualties and Thefts	1
Form 4797	Sales of Business Property	1
Form 4835	Farm Rental Income and Expenses	2
Form 4952	Investment Interest Expense Deduction	1
Form 4970	Tax on Accumulated Distribution of Trusts	1
Form 4972	Tax on Lump Sum Distributions	1 per taxpayer (2 per joint return)
Form 5329	Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities and Modified Endowment Contracts	1 per taxpayer (2 per joint return)
Form 6198	At-Risk Limitations	5
Form 6251	Alternative Minimum Tax - Individuals	1
Form 6252	Installment Sale Income	3
Form 8283	Noncash Charitable Contributions	2
Form 8396	Mortgage Interest Credit	1
Form 8582	Passive Activity Loss Limitations	1

Forms/ Schedules	Title	Maximum Number Per Return
Form 8606	Nondeductible IRA Contributions, IRA Basis, Nontaxable IRA Distributions	1 per taxpayer (2 per joint return)
Form 8615	Tax for Children Under Age 14 Who Have Investment Income of More than \$1,300	1
Form 8814	Parents' Election to Report Child's Interest and Dividends	3
Form 8815	Exclusion of Interest from Series EE U.S. Savings Bonds Issued After 1989	1
Form 8828	Recapture of Federal Mortgage Subsidy	1
Form 8829	Expenses for Business Use of Your Home	1 for each Schedule C (maximum 5)
Form 8839	Qualified Adoption Expenses	1
Form 9465	Installment Agreement Request <b>Note:</b> This form may also be electronically filed as an independent form.	1
*These forms can be filed only with a Form 1040 with a stateside, APO or FPO address and will be accepted at the Andover Service Center only.		

### 3.5 - Clarification: Form 8453 Checklist

The following checklist from section 7.13 of Publication 1345 (rev. 9-97) is modified. It clarifies the last checkbox: only copies of **PAGES ONE AND TWO** of the tax return are required when the paid preparer signature is not on the Form 8453.

# 8453 CHECKLIST

- ☐ Has the Taxpayer signed and dated Form 8453?
- ☐ Does the SSN on Form 8453 match the return SSN?
- ☐ Is everything attached (see below) that needs to be?

**Staple the following to front middle of Form 8453**

- ☐ Forms W-2, W-2G, 1099-R

**Staple the following behind Form 8453**

- ☐ Form 2120, Multiple Support Declaration
- ☐ A physician's statement for Schedule R or Schedule 3
- ☐ Proof of blindness
- ☐ Form 8283, Noncash Charitable Contributions (Appraisal Summary)
- ☐ Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents
- ☐ Form 2848, Power of Attorney and Declaration of Representative
- ☐ Other information documents and voluntary supporting material
- ☐ Copy of pages one and two of return with paid preparer's signature when paid preparer does not sign Form 8453. **(Be sure to mark copy, "COPY - DO NOT PROCESS")**

### **3.6 - Complete Updated Reprint of Federal/State Electronic Filing, Publication 1345, section 24, pp. 88-105**

Changes are highlighted.

## **SECTION 24 - FEDERAL/STATE ELECTRONIC FILING**

### **24.1 - General Information**

1. Federal/State electronic filing is a cooperative one-stop income tax filing program which allows the filing of federal and state income tax returns electronically. The benefits of one-stop filing provide a win-win situation for all participants, for example:

- a. The primary benefit to taxpayers using Federal/State electronic filing is the quick and accurate processing of federal and state returns, return acknowledgments at both federal and state level, direct deposits, and the file-now and pay by April 15 option available to balance due filers for IRS and most states.
- b. Electronic filers can offer taxpayers a new service. The ease of one-stop electronic filing encourages increased participation from taxpayers.
- c. States benefit from the increased data accuracy and the processing efficiencies of electronic filing.
- d. The IRS through Federal/State electronic filing promotes wider acceptance and use of electronic filing as the normal way of doing business throughout the country.

2. The program began in 1990, when the South Carolina Tax Commission (SCTC) was selected to participate in a research test to determine the feasibility of Federal/State electronic filing. In Processing Year 1991, SCTC allowed its employees to file both federal and state returns through the IRS electronic filing system. A total of 252 state employee returns were filed along with the federal returns electronically.

3. The following chart depicts the remarkable growth of state electronic filing:

State Electronic Filing Startups			
1989	MN*, NM*	1993	CO, CT, DE, ID, IA, MO, NE, OR
1990	IL*, SC	1994	AR, GA, MT, NJ, VA, CA*
1991	KS, ME, NC, WV, WI, MD*	1995	PA, IL, MD
1992	IN, KY, LA, MI, MS, NM, NY, OK, UT, MA*	1996	DC
		1997	AL, AZ
* Direct filing only			

## 24.2 - IRS and State Procedures and Publications

1. IRS electronic filer procedures for Federal/State electronic filing are described in this section. All software developer specifications and record layouts are found in IRS Publication 1346, ***Electronic Returns File Specifications and Record Layouts for Individual Income Tax Returns*** (Tax Year 1997).
2. IRS Publication 1436, ***Test Package of Electronic Filing of Individual Income Tax Returns*** (Tax Year 1997) contains one scenario to test the IRS specifications for Federal/State electronic filing.
3. Updates to both IRS and state procedures and specifications are usually placed on the Federal/State library of the electronic filing system bulletin board. This information is accessible by dialing 606-292-0137 (not toll-free).
4. For additional information about Federal/State electronic filing, contact your state coordinator (see section 24.11 below) or the IRS (see exhibit 13). Send comments, questions or suggestions on the Federal/State electronic filing program to:

Internal Revenue Service  
Federal/State Electronic Filing Program  
Attention: T:ETA:O:P, C4-266  
5000 Ellin Road  
Lanham, MD 20706

## 24.3 - IRS and State Application Process

1. The following states use the IRS applicant database extract to automatically accept all electronic return originators into the state's electronic filing program and do not require any additional information from the ERO: Alabama, Arkansas, Colorado, Georgia, Indiana, Iowa, Kansas, Kentucky, Minnesota, Missouri, Montana, Oregon, Pennsylvania, Rhode Island, South Carolina and Wisconsin.
2. The following states use the IRS applicant database extract to automatically accept all electronic return originators into the state's electronic filing program and



require a copy of the IRS Form 8633 and IRS acceptance letter from the ERO: Idaho, Louisiana, Mississippi, New Mexico Oklahoma, Utah, and West Virginia.

3. The following states use the IRS applicant database extract to check IRS acceptance but require all filers, including EROs, to complete a state application: California (FTB8633), Connecticut (CT8633 by 12/15), Delaware (DE8633), Illinois (IL8633), Maryland (MEF600), Massachusetts (M-8633/CORI), Michigan (MI8633), Nebraska (ERO Agreement), New Jersey (NJELF Registration), New York (PR-584 due by December 1), North Carolina (NC-8633 due by December 1) and Virginia (VA-8633 due by December 1).

4. States with limited programs (Arizona and Washington, DC) have not established an application process at this time.

5. Some states will require additional information than listed above. Electronic return originators should contact each state coordinator (see section 24.11 below) for details on the state's application process.

6. If an ERO is located outside of the state where he/she is filing state returns, the ERO must complete a separate state application or provide the state coordinator a copy of the IRS Form 8633 and the IRS acceptance letter in order to register with that state.

7. If the ERO is located outside of the service center where the state is located, they must revise their IRS application Form 8633 to indicate they will be filing returns at that service center.

8. The following rules apply to most states: software developers are required to apply and test state software directly with each state; software developers can concurrently test with the IRS and with all states through any electronic filing service center; and transmitters must test their ability to retrieve state acknowledgments.

#### **24.4 - Federal/State Electronic Filing State Summary**

1. The following chart provides a brief overview of the state plans for tax year 1997, processing year 1998. These charts will continue to be updated through the electronic filing system bulletin board, Federal/State library.

<b>State</b>	<b>Refund Return</b>	<b>Balance Due</b>	<b>Zero Balance</b>	<b>Direct Deposit</b>	<b>Last Date</b>
Alabama	yes	no	yes	no	10/15/98
Arizona	yes	yes	yes	no	4/15/98
Arkansas	yes	yes	yes	no	10/15/98
Colorado	yes	yes	yes	yes	10/15/98
California*	yes	yes	yes	yes	10/15/98
Connecticut	yes	yes	yes	yes	10/15/98
Delaware	yes	yes	yes	yes	10/15/98
District of Columbia	yes	no	yes	no	8/15/98

State	Refund Return	Balance Due	Zero Balance	Direct Deposit	Last Date
Georgia	yes	yes	yes	yes	8/15/98
Idaho	yes	yes	yes	yes	10/15/98
Illinois	yes	yes	yes	yes	4/22/98
Indiana	yes	yes	yes	yes	10/15/98
Iowa	yes	yes	yes	yes	10/15/98
Kansas	yes	yes	yes	yes	10/15/98
Kentucky	yes	yes	yes	yes	10/15/98
Louisiana	yes	yes	yes	yes	10/15/98
Maryland	yes	yes	yes	yes	10/15/98
Massachusetts*	yes	yes	yes	yes	10/15/98
Michigan	yes	yes	yes	yes	10/15/98
Minnesota*	yes	yes	yes	yes	10/15/98
Mississippi	yes	yes	yes	no	10/15/98
Missouri	yes	yes	yes	yes	10/15/98
Montana	yes	yes	yes	yes	10/15/98
Nebraska	yes	yes	yes	yes	4/15/98
New Jersey	yes	yes	yes	no	10/15/98
New Mexico	yes	yes	yes	no	10/15/98
New York	yes	yes	yes	yes	10/15/98
North Carolina	yes	yes	yes	no	10/15/98
Oklahoma	yes	yes	yes	yes	10/15/98
Oregon	yes	yes	yes	no	10/15/98
Pennsylvania	yes	yes	yes	yes	10/15/98
Rhode Island	yes	yes	yes	no	5/1/98
South Carolina	yes	yes	yes	yes	10/15/98
Utah	yes	yes	yes	no	10/15/98
Virginia	yes	no	yes	yes	10/15/98
West Virginia	yes	yes	yes	yes	8/15/98
Wisconsin	yes	yes	yes	yes	10/15/98

\* Direct program only

**Note:** Taxpayers can elect Direct Deposit of the federal refund and state refund to the same checking or savings account, or to different checking or savings accounts. A state refund, balance due or zero balance return can be associated with a federal refund, balance-due or zero-balance return.

2. The following chart provides a summary of states' plans regarding Non-Resident, Part-Year Resident, Credit to Other States, mailing of the state signature form to the

department of revenue (if the answer is no, it is kept by the ERO), and the state acknowledgment provider.

<b>State</b>	<b>Non Res Return</b>	<b>Part Year Res Return</b>	<b>Credit to Other States</b>	<b>Mail 8453 to DOR</b>	<b>State ACK Provider</b>
Alabama	no	yes	no	no	TaxConnect
Arizona	no	no	no	yes	Not decided
Arkansas	no	no	yes	yes	TaxConnect
California*	yes	no	no	no	CA-BBS
Connecticut	no	no	yes	yes	TaxConnect
Colorado	yes	yes	yes	no	CO-BBS
Delaware	yes	yes	yes	yes	GAC-Taxpro
District of Columbia	no	no	no	yes	TaxConnect
Georgia	no	no	yes	no	TaxConnect
Idaho	yes	yes	no	no	TaxConnect
Illinois	yes	yes	no	yes	IL-COM PROC
Indiana	no	no	yes	no	TaxConnect
Iowa	yes	yes	yes	no	TaxConnect
Kansas	yes	yes	yes	**	TaxConnect
Kentucky	no	no	no	yes	GAC-Taxpro
Louisiana	no	no	no	no	TaxConnect
Maryland	no	yes	no	yes	GEIS
Massachusetts*	yes	no	no	yes	MA-Server
Michigan	no	no	yes	yes	TaxConnect
Minnesota*	yes	yes	yes	no	MN-BBB
Mississippi	yes	yes	yes	no	TaxConnect
Missouri	no	no	yes	no	TaxConnect
Montana	yes	yes	yes	***	GAC-Taxpro
Nebraska	no	no	no	no	NE-BBS
New Jersey	no	no	no	yes	GAC-Taxpro
New Mexico	yes	yes	yes	no	TaxConnect
New York	no	no	no	yes	TaxConnect
North Carolina	yes	yes	yes	yes	TaxConnect
Oklahoma	no	no	yes	yes	TaxConnect
Oregon	no	no	yes	no	OR-BBS
Pennsylvania	yes	yes	no	yes	TaxConnect
Rhode Island	no	no	no	yes	TaxConnect
South Carolina	yes	no	no	yes	TaxConnect
Utah	no	no	yes	yes	TaxConnect
Virginia	no	no	no	no	TaxConnect
West Virginia	no	no	no	yes	TaxConnect
Wisconsin	no	no	no	yes	TaxConnect

\* Direct Program Only

\*\* Taxpayers retain the KS-8453

\*\*\* Montana does not require a signature document

## 24.5 - What is a Federal/State Return

### Electronic Portion of the Federal/State Return

1. A Federal/State return consists of the federal electronic tax return and state tax return information placed in a state packet. The state packet consists of two different electronic records, the "generic" and "unformatted" records. These electronic records are formatted following IRS and state specifications. All the tax information that the state requires is included in the state packet. The IRS does not augment the state packet.
2. The IRS functions strictly as a "data conduit" for the electronic state packet. The term "data conduit" is used to define a strictly controlled process to receive, temporarily store, and then forward to the state correctly formatted state tax data.
3. The state packet can contain no more than one "generic record" and from zero to nine associated "unformatted records" as defined by each state. The IRS will not accept more than one state packet per electronic return.
4. The IRS processes the state packet as follows:
  - a. State records are checked for meeting IRS provided specifications.
  - b. State records which do not meet IRS specifications are rejected. The federal return is also rejected.
  - c. State records that meet IRS specifications are made available for state retrieval and processing.
  - d. There is no permanent indication on the federal return that an associated state packet was received by IRS.
5. A state packet cannot be filed electronically without the associated federal return. The state packet reflects the taxpayer's tax residence state. The taxpayer's tax residence state may differ from the taxpayer's address. A state packet can be filed along with federal refund, zero-balance or balance-due returns. Check the state's specifications.

### Non-Electronic Portion of the Federal/State Return

6. The non-electronic portion of the Federal/State return consists of the **FEDERAL** signature Form 8453 and attachments and the non-electronic portion of the **STATE** tax return. Each state will define the non-electronic portion of state returns. Most states will require signature documents and copies of Forms W-2 and other earning forms.
7. EROs must be careful to send the federal nonelectronic portion of the return, Form 8453 and attachments, and payment vouchers to the respective service center. EROs must also send the non-electronic portions of the state returns to the respective state tax administration agency.

## 24.6 - Where to Transmit Federal/State Returns

1. All Federal/State returns must be transmitted to the IRS electronic filing service center which supports the particular state.
2. An electronic return originator can request their EFIN be accepted at any of the five electronic filing service centers in order to be able to submit Federal/State returns to the correct service center for any state participating in the Federal/State electronic filing program.
3. The following state-to-service center relationships will exist for the 1997 Federal/State electronic filing program:

IRS Electronic Center	Federal/State Participants
Andover, MA	CT, DE, DC, MD, NJ, NY, PA, RI, VA
Austin, TX	IA, IL, KS, MO, NM, OK, WI
Cincinnati, OH	IN, KY, MI, SC, WV
Memphis, TN	AL, AR, GA, LA, MS, NC
Ogden, UT	AZ, CO, ID, MT, NE, OR, UT

**Note:** IRS will restrict electronic filers to sending state returns as specified above or the Federal/State return will reject. For example, if a filer in North Carolina sends a South Carolina return to any service center other than Cincinnati, the return will be rejected. The North Carolina filer must request that their EFIN be accepted at Cincinnati Service Center (CSC), in order to transmit a South Carolina return to CSC. States may have additional restrictions.

4. IRS will reject Federal/State returns which are not submitted to the correct service center.
5. The taxpayer's signature document (IRS Form 8453), must be mailed to the service center where the Federal/State electronic return is transmitted.

## 24.7 - Requesting Acceptance of an EFIN at Multiple Centers

1. Current participants may request EFIN acceptance at other service centers, by submitting revised Forms 8633 (see section 4.2:5 of this publication) to the Andover Service Center. New applicants must file new Forms 8633 (see section 4.2:2 of this publication). Complete Form 8633 as follows: question 5, "Do you intend to file state returns electronically?"--Yes;" for question 3e, "I expect to accept returns for transmission to the following service centers..." check the appropriate service centers: Andover, Austin, Cincinnati, Memphis and/or Ogden.

**Example:** If the ERO is located in North Carolina and expects to submit returns for New York, South Carolina and Oregon, the ERO would answer Form 8633 questions 3e, and 5 as follows:

- a. 3e I expect to transmit to or accept returns for transmission to the following service centers;

Andover   ☐ Austin   Cincinnati   Memphis   Ogden

- b. 5 Do you intend to file state returns electronically? **Yes**

This would automatically generate a request that the ERO's North Carolina EFIN be entered in the Andover Service Center (New York), the Cincinnati Service Center (South Carolina), and the Ogden Service Center (Oregon). Memphis is the service center for North Carolina returns.

## **24.8 - Federal/State Participants Acceptance Testing (PATs)**

1. For state returns, each state will test software developers using a state provided test package. Each state coordinator will respond to **ALL** software developer questions related to state testing.
2. Several states support concurrent testing of Federal/State software during Participants Acceptance Testing. Some states still require the software developer to complete federal testing and obtain IRS acceptance before beginning federal/state software developer testing. Contact the state coordinators for specific testing procedures at each state.
3. Concurrent Testing allows software developers to begin state testing prior to obtaining acceptance from IRS for completing the federal preparers acceptance process. The rules for "concurrent state testing" are as follows:
  - a. State testing can begin after the software developer gets 13 federal returns accepted with no error "reject codes" at their primary service center.
  - b. Software developers must schedule testing with the state coordinator and create any state required test scenarios.
  - c. The state coordinator must schedule testing for software developers with the IRS service center.
  - d. The state coordinator must respond to any problems encountered by the software developer on federal or state returns during the state Participants Acceptance Testing.

**Note:** The software developer will continue separate federal testing using the federal test scenarios with their primary service center until they are accepted for federal filing. Procedures in place for federal Participants Acceptance Testing will not change.

4. The IRS will perform limited testing on the state generic and unformatted records. If these records are not rejected through the automatic checks in the IRS software, the IRS will make the state data available to each state agency for further testing.

5. The IRS will not perform a compare run to look at specific state data. Each state will test the state data and provide feedback to electronic filers. Filers should refer to each state's procedures and specifications.

6. Electronic filers who have been accepted into the federal electronic filing system, have begun transmitting federal returns and wish to continue state testing must obtain a test ETIN from their IRS service center. Check the state procedures to determine if the state allows testing beyond live startup.

#### **24.9 - Social Security Numbers Used in Federal/State Testing**

1. Software developers and transmitters requested that the IRS and the states use different social security numbers (SSNs) for their respective Participants Acceptance Testing process. The following range of Test SSNs are designated to participating states for use in the state test packages:

<b>State</b>	<b>Test Package SSNs</b>
Alabama	400-00-7400 to 400-00-7499
Arizona	400-00-7500 to 400-00-7599
Arkansas	400-00-5500 to 400-00-5599
Colorado	400-00-5600 to 400-00-5699
Connecticut	400-00-5700 to 400-00-5799
Delaware	400-00-5800 to 400-00-5899
District of Columbia	400-00-7300 to 400-00-7399
Georgia	400-00-6600 to 400-00-6699
Idaho	400-00-5900 to 400-00-5999
Indiana	400-00-4000 to 400-00-4099
Illinois	400-00-3500 to 400-00-3599
Iowa	400-00-6000 to 400-00-6099
Kansas	400-00-4100 to 400-00-4199
Kentucky	400-00-4200 to 400-00-4299
Louisiana	400-00-4300 to 400-00-4399
Maryland	400-00-7200 to 400-00-7299
Michigan	400-00-4500 to 400-00-4599
Mississippi	400-00-4600 to 400-00-4699
Missouri	400-00-6100 to 400-00-6199
Montana	400-00-6800 to 400-00-6899
Nebraska	400-00-6200 to 400-00-6299
New Jersey	400-00-6300 to 400-00-6399
New Mexico	700-00-0000 to 700-00-2000
New York	400-00-4800 to 400-00-4899
North Carolina	400-00-4900 to 400-00-4999
Oklahoma	400-00-5000 to 400-00-5099
Oregon	400-00-6400 to 400-00-6499
Pennsylvania	400-00-7100 to 400-00-7199
Rhode Island	400-00-6900 to 400-00-6999

State	Test Package SSNs
South Carolina	400-00-5100 to 400-00-5199
Utah	400-00-5200 to 400-00-5299
Virginia	400-00-7000 to 400-00-7099
West Virginia	400-00-5300 to 400-00-5399
Wisconsin	400-00-5400 to 400-00-5499

2. The IRS will accept these SSNs during Participants Acceptance Testing, but will reject them if submitted during live processing. The IRS reject code provided will advise filers that the SSN is not within the valid range of social security numbers.

#### 24.10 - IRS Acknowledgement/Reject Resolution Procedures

1. If a federal return is rejected due to errors, the state packet will also be rejected. If a state packet is rejected by the IRS due to errors, the federal return will also be rejected.

2. Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing, informs taxpayers that their federal return will be rejected due to errors on their state return and, consequently, their federal refunds may be delayed.

3. Corrected returns may be retransmitted to the IRS electronic filing service center. The filer has the option to retransmit the federal return and file the state return on paper. The state packet cannot be filed electronically without the associated federal return.

4. Once the IRS accepts a federal return which contains a state packet, **subsequent rejection of the state return by the state tax administration agency will not impact the accepted federal return.** Although the federal return can have errors after IRS acknowledgement of acceptance, this does not impact the state packet already retrieved by the state tax administration agency.

5. During the operational phase of this program (beginning January 16, 1998), the service centers will assist transmitters and filers with problems and errors that are the result of federal formatting requirements (see exhibit 14).

6. Electronic return files transmitted and accepted will normally be acknowledged within two workdays of receipt, and the state packet will be available to the state for retrieval within twenty-four hours of IRS acknowledgment.

7. The ACK Key Record received by transmitters will contain a state packet code. This code will indicate whether a state packet was filed in conjunction with the accepted or rejected federal return. The state packet code will be blank if the federal return did not contain a state packet. If the federal return contained a state packet the code will reflect the state code of the associated generic record. **The IRS acceptance of the federal return and receipt of the state packet does not imply state acknowledgement or acceptance of the state tax return.**



8. Once a state packet has been accepted by the IRS for state retrieval, filers will need to contact the respective state to resolve taxpayer problems. Error resolution for state returns is the responsibility of the state tax administration agency.

9. The IRS will purge state packets thirty (30) days from IRS acknowledgement of federal return acceptance. Electronic filers **MUST** contact states to obtain state acknowledgement of return receipt and/or acceptance. Check the state's procedures for more information on each state's acknowledgement process.

10. Taxpayer inquiries on refund delays for state returns should be directed to the appropriate state. The federal Tele-Tax System will not contain refund information on state returns.

#### **24.11 - State Electronic Filing Coordinators**

<b>State Coordinator</b>	<b>Telephone Number</b>	<b>Fax Number</b>
<b>ALABAMA DEPARTMENT OF REVENUE</b> Ed Cutter 50 N. Ripley St., Room 4112 Montgomery, AL 36132	334-242-9805	334-242-0064
	<b>E-mail:</b> ecutter@alalinc.net	
<b>ARIZONA DEPARTMENT OF REVENUE</b> Dave Rowand 1600 West Monroe street Phoenix, AZ 85007	602-542-3141 EXT 4410	602-542-1123
<b>ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION</b> Dan Brown P.O. Box 8110 (ZIP 72203-8110) 7th and Wolfe Streets G-34 Little Rock, AR 72201	501-682-7070	501-682-1691
	<b>E-mail:</b> dan.brown@state.ar.us	
<b>CALIFORNIA FRANCHISE TAX BOARD</b> Patricia Smith P.O. Box 1468, MSA-1 Sacramento, CA 95812-1468	916-845-6946	916-845-5340
	<b>E-mail:</b> patricia_smith@ftb.ca.gov	
<b>COLORADO DEPARTMENT OF REVENUE</b> Phil Archuletta 1375 Sherman Street, Room 604 Denver, CO 80203	303-866-3031	303-866-3050
	<b>E-mail:</b> parchuletta@toto.dor.state.co.us	
<b>CONNECTICUT DEPARTMENT OF REVENUE SERVICES</b> Jason Purslow 25 Sigourney Street Hartford, CT 06106	860-297-5979	860-297-5978

## 24.11 State Electronic Filing Coordinators (continued)

State Coordinator	Telephone Number	Fax Number
<b>DELAWARE DIVISION OF REVENUE</b> James Stewart P.O. Box 8753 Wilmington, DE 19899-8753	302-577-8170	302-577-8202
<b>DISTRICT OF COLUMBIA DEPARTMENT OF FINANCE &amp; REVENUE</b> Voncile Foos P.O. Box 7182/DC 20044 441 4th Street N.W., Suite 570 Washington, DC 20001	202-727-6120	202-727-6885
<b>E-Mail:</b> <a href="mailto:voncile_foos_at_dcotr1@ccmail.dcgov.org">voncile_foos_at_dcotr1@ccmail.dcgov.org</a>		
<b>GEORGIA DEPARTMENT OF REVENUE</b> Sandy Sharpe 270 Washington Street, Room 201A Atlanta, GA 30334	404-651-8555	404-651-8266
<b>IDAHO STATE TAX COMMISSION</b> Dawn Glazier 800 Park Blvd., Plaza IV Boise, ID 83722-0410	208-334-7822	208-334-7650
<b>ILLINOIS DEPARTMENT OF REVENUE</b> Laura Teer 101 West Jefferson Street, 3-249 Springfield, IL 62794	217-524-4767	217-524-0526
<b>E-mail:</b> <a href="mailto:lteer@revenue.state.il.us">lteer@revenue.state.il.us</a>		
<b>INDIANA DEPARTMENT OF REVENUE</b> William Dunbar 100 North Senate Ave., Room N248-IGCN Indianapolis, IN 46204-2253	317-232-2066	317-232-2322
<b>E-mail:</b> <a href="mailto:bdunbar@pop.dor.state.in.us">bdunbar@pop.dor.state.in.us</a>		
<b>IOWA DEPARTMENT OF REVENUE AND FINANCE</b> Jay Kerrigan Hoover State Office Building. East 13th and Walnut, 4th Floor Des Moines, IA 50319	515-242-6359	515-242-6040
<b>E-mail:</b> <a href="mailto:jkerrigan@drf.e-mail.com">jkerrigan@drf.e-mail.com</a>		
<b>KANSAS DEPARTMENT OF REVENUE</b> Nancy H. Lewis 915 SW Harrison Topeka, KS 66612-2001	913-296-4066	913-296-8989
<b>E-mail:</b> <a href="mailto:kdor99@ink.org">kdor99@ink.org</a>		

## **24.11 State Electronic Filing Coordinators (continued)**

<b>State Coordinator</b>	<b>Telephone Number</b>	<b>Fax Number</b>
<b>KENTUCKY REVENUE CABINET</b> Kent Sparrow 1266 Louisville Road Frankfort, KY 40620	502-564-5370  <b>E-mail:</b> ksparrow@mail.state.ky.us	502-564-4206
<b>LOUISIANA DEPARTMENT OF REVENUE AND TAXATION</b> Naomi Foret P.O. Box 201 (Zip 70821-0201) 330 North Ardenwood Street Baton Rouge, LA 70806	504-925-7640  <b>E-mail:</b> nforet@rev.state.la.us	504-925-6760
<b>MARYLAND COMPTROLLER OF THE TREASURY</b> Luc Guinand 110 Carroll Street Annapolis, MD 21411	410-974-3753	410-974-2967
<b>MASSACHUSETTS DEPARTMENT OF REVENUE</b> Kara McDonough (P.O. Box 703, Boston, MA 02204) 200 Arlington Street Chelsea, MA 02150	617-887-5008	617-887-5029
<b>MICHIGAN BUREAU OF REVENUE</b> Pat Cotter P.O. Box 30058/430 W. Allegan Lansing, MI 48922	517-373-0614  <b>E-mail:</b> cotterp@state.mi.us	517-373-8504
<b>MINNESOTA DEPARTMENT OF REVENUE</b> Mark Koran 10 Riverpark Plaza, M/S 4131 Saint Paul, MN 55146-4131	612-297-7704  <b>E-mail:</b> mark.koran@state.mn.us	612-296-6604
<b>MISSISSIPPI STATE TAX COMMISSION</b> Meg Tucker Niki Meadows (P.O. Box 1033 Jackson, MS 39215) 1577 Springridge Road Raymond, MS 39125	601-923-7015 601-923-7040  <b>E-mail:</b> mtucker@ns1.mstc.state.ms.us	601-923-7039
<b>MISSOURI DEPARTMENT OF REVENUE</b> Maria Micke P.O. Box 371 Jefferson City, MO 65105	573-751-3930	573-526-5915

## 24.11 State Electronic Filing Coordinators (continued)

State Coordinator	Telephone Number	Fax Number
<b>MONTANA DEPARTMENT OF REVENUE</b>		
Katherine Smith	406-444-0507	406-444-4999
Valery Clague	406-444-3550	406-444-6642
Income and Miscellaneous Tax Division (P.O. Box 5805) 125 South Roberts, Mitchell Building Helena, MT 59620		
		<b>E-mail:</b> kasmith@mt.gov
<b>NEBRASKA DEPARTMENT OF REVENUE</b>		
Larry Chapman	402-471-5619	402-471-5608
301 Centennial Mall South P.O. Box 94818 Lincoln, NE 68509		
<b>NEW JERSEY DIVISION OF TAXATION</b>		
Denis Gallagher	609-292-5977	609-292-1777
P.O. Box 191 Trenton, NJ 08625-0191		
<b>NEW MEXICO TAX AND REVENUE DEPARTMENT</b>		
Tom McMichael	505-954-8410	505-982-0125
460 St. Michael Street, Suite 500 Santa Fe, NM 87505		
		<b>E-mail:</b> tme2000@ix.netcom.com
<b>NEW YORK DEPARTMENT OF TAX AND FINANCE</b>		
James McGinnis	518-457-7296	518-457-8218
W.A. Harriman Campus, B8-R915 Albany, NY 12227-0125		
		<b>E-mail:</b> james_mcginis@tax.state.ny.us
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<b>OKLAHOMA TAX COMMISSION</b>		
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2501 Lincoln Boulevard Oklahoma City, OK 73152		
<b>OREGON DEPARTMENT OF REVENUE</b>		
Nancy Boysen	503-945-8642	503-945-8649
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**24.11 State Electronic Filing Coordinators (continued)**

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<b>SOUTH CAROLINA DEPARTMENT OF REVENUE AND TAXATION</b>		
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<b>VIRGINIA DEPARTMENT OF TAXATION</b>		
Denise Johnson P.O. Box 27423 Richmond, VA 23261-7423	804-367-6100	804-367-0985
<b>WEST VIRGINIA DEPARTMENT OF TAXATION</b>		
Carson Gillman 1001 Lee Street East Charleston, WV 25301	304-558-8700	304-558-8733
<b>WISCONSIN DEPARTMENT OF REVENUE</b>		
Barry Widera 4638 University Avenue, Room 215 Madison, WI 53705	608-264-6886	608-264-6884
	<b>E-mail:</b> bwidera@mail.state.wi.us	

### 3.7 - Complete Updated Reprint of Postal Service State Abbreviations and Zip Codes Exhibit, Publication 1345, Exhibit 7, p. 118

Changes are highlighted.

## EXHIBIT 7 - POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES

STATE (ABBREVIATION)	ZIP CODES
Alabama (AL)	350nn-369nn
Alaska (AK)	995nn-999nn
Arizona (AZ)	850nn-865nn
Arkansas (AR)	716nn-729nn, 75502
California (CA)	900nn-908nn, 910nn-961nn
Colorado (CO)	800nn-816nn
Connecticut (CT)	060nn-069nn
Delaware (DE)	197nn-199nn
District of Columbia (DC)	200nn-205nn
Florida (FL)	320nn-339nn, 341nn-342nn, 344nn, 346nn-347nn, 349nn
Georgia (GA)	300nn-319nn, 399nn
Hawaii (HI)	967nn-968nn
Idaho (ID)	832nn-838nn
Illinois (IL)	600nn-629nn
Iowa (IA)	500nn-528nn
Kansas (KS)	660nn-679nn
Kentucky (KY)	400nn-427nn, 45275
Louisiana (LA)	700nn-714nn, 71749
Maine (ME)	03801, 039nn-049nn
Maryland (MD)	20331, 206nn-219nn

STATE (ABBREVIATION)	ZIP CODES
Massachusetts (MA)	010nn-027nn, 055nn
Michigan (MI)	480nn-499nn
Minnesota (MN)	550nn-567nn
Mississippi (MS)	386nn-397nn
Missouri (MO)	630nn-658nn
Montana (MT)	590nn-599nn
Nebraska (NE)	680nn-693nn
Nevada (NV)	889nn-898nn
New Hampshire (NH)	030nn-038nn
New Jersey (NJ)	070nn-089nn
New Mexico (NM)	870nn-884nn
New York (NY)	004nn-005nn, 06390, 100nn-149nn
North Carolina (NC)	270nn-289nn
North Dakota (ND)	580nn-588nn
Ohio (OH)	430nn-459nn
Oklahoma (OK)	730nn-732nn, 734nn-749nn
Oregon (OR)	970nn-979nn
Pennsylvania (PA)	150nn-196nn
Rhode Island (RI)	028nn-029nn
South Carolina (SC)	290nn-299nn
South Dakota (SD)	570nn-577nn
Tennessee (TN)	370nn-385nn
Texas (TX)	733nn,73949, 750nn-799nn
Utah (UT)	840nn-847nn

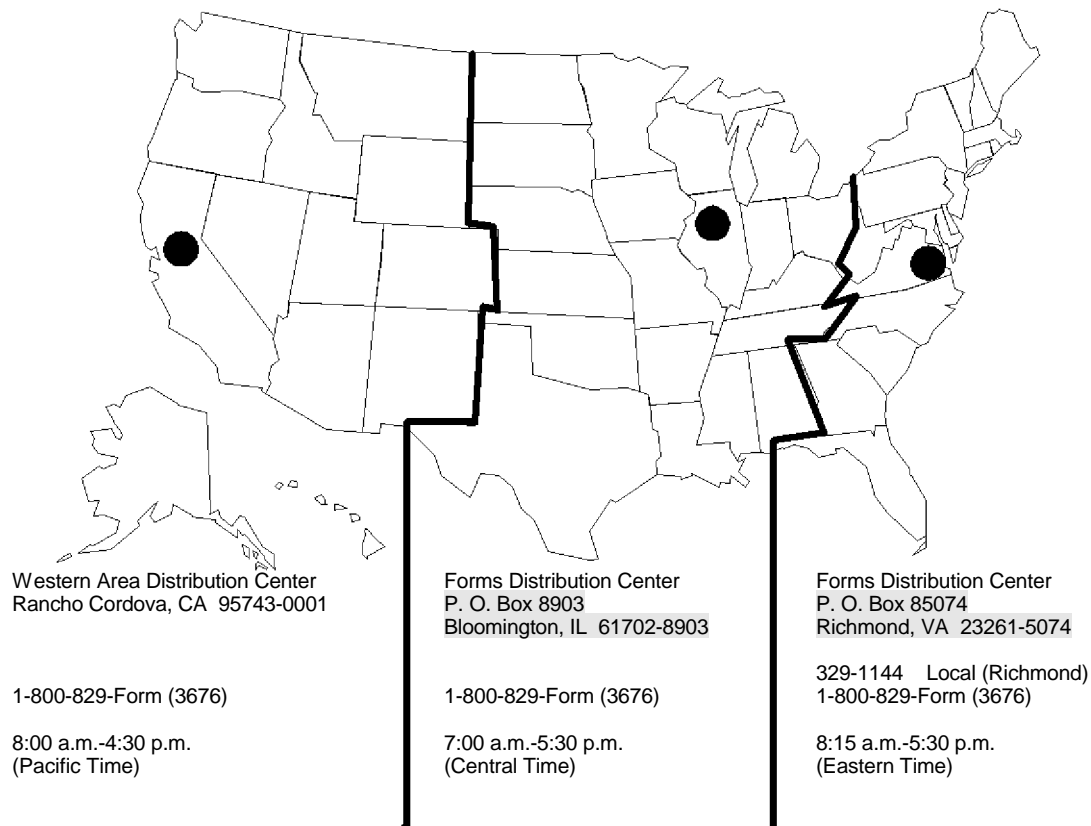
**EXHIBIT 7 - POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES**  
(continued)

STATE (ABBREVIATION)	ZIP CODES
Vermont (VT)	050nn-054nn, 056nn-059nn
Virginia (VA)	20041, 201nn, 20301, 20370, 220nn-246nn
Washington (WA)	980nn-986nn, 988nn-994nn
West Virginia (WV)	247nn-268nn

STATE (ABBREVIATION)	ZIP CODES
Wisconsin (WI)	49936, 530nn-549nn
Wyoming (WY)	820nn-831nn
APO or FPO (AA)	340nn
APO or FPO (AE)	090nn-098nn
APO or FPO (AP)	962nn-966nn

**3.8 - Complete Updated Reprint of Tax Forms Distribution Sites Exhibit,  
Publication 1345, Exhibit 9, p. 121**

**EXHIBIT 9 - TAX FORMS DISTRIBUTION SITES**



**Note: Form 8633 and Fingerprint Cards, FD-258, can be obtained from all  
electronic filing service centers; see exhibit 14, Publication 1345 (rev. 9-97).**

<b>PUBLICATIONS:</b>	<b>USUALLY AVAILABLE</b>
Publication 1345, <i>Handbook for Electronic Filers</i>	October
Publication 1345A, <i>Handbook for Electronic Filers (Supplement)</i>	January
Publication 1346, <i>File Specifications and Record Layouts</i>	July & October
Publication 1436, <i>Test Package</i>	October



**3.9 - Complete Updated Reprint of IRS Electronic Contact Points by State  
Exhibit, Publication 1345, Exhibit 13, p. 128**

Changes are highlighted.

**EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE**

**ALABAMA**

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PAULETTE WINDON

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FAX 504-558-3061

**ALASKA**

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Anchorage, AK 99508

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FAX 907-271-6824  
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FAX 510-637-2508  
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PRUDY HEARN

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JAMES KINSEY

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FAX 408-494-8062  
E-Mail: James\_Kinsey@ccmail.wr.irs.gov

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Los Angeles, CA 90012

GORDON MEYERS

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FAX 213-894-0905

E-Mail: Gordon\_Meyers@ccmail.wr.irs.gov

SOUTHERN CALIFORNIA  
Chet Holifield Federal Building  
24000 Avila Road  
Laguna Niguel, CA 92677

GINDY BARNARD

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FAX 714-360-2608

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## **EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE (cont)**

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Hartford, CT 06103

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### **DELAWARE**

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KAREN MAYR  
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FAX 410-962-0823

### **DISTRICT OF COLUMBIA**

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Customer Service Division  
CP:IN:D:CS Karen Winslow  
950 L'Enfant Plaza, Prom Level, SW  
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KAREN WINSLOW  
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FAX 202-874-5440

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FAX 808-541-1109

## **EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE (cont)**

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BETTY MARTIN  
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FAX 615-736-7489

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### **MARYLAND**

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KAREN MAYR  
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FAX 410-962-0823

## EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE (cont)

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<b>MICHIGAN</b> P.O. Box 330500, Stop 52 477 Michigan Avenue, Room 2404 Detroit, MI 48232-6500	THERESE LESZCZ JUANITA ROBINSON	TEL 313-226-2262 FAX 313-226-3502
<b>MINNESOTA</b> Stop 6610 STP 316 North Robert Street St. Paul, MN 55101	MICHELLE BENSON  E-Mail: Michelle.Benson@ccmail.irs.gov	TEL 612-290-3320 EXT 226 FAX 612-290-4231
<b>MISSISSIPPI</b> 600 South Maestri Place, Stop 21 New Orleans, LA 70130	PAULETTE WINDON	TEL 504-558-3008 FAX 504-558-3061
<b>MISSOURI</b> Stop 6623 STL 1222 Spruce St. Louis, MO 63103	MALENE TOLBERT  E-Mail: Jim.Steele@ccmail.irs.gov	TEL 314-539-2161 FAX 314-539-7866
<b>MONTANA</b> 301 South Park Avenue Helena, MT 59626	BARBARA SHAFFER  E-Mail: Barb_Shaffer@ccmail.wr.irs.gov	TEL 406-441-1042 FAX 406-441-1035
<b>NEBRASKA</b> Stop 6710 MIL 310 West Wisconsin Avenue Milwaukee, WI 53203-2221	GERRI NESS  E-Mail: Gerri.Ness@ccmail.irs.gov	TEL 414-297-3574 FAX 414-297-1344
<b>NEVADA</b> 4750 West Oakey Boulevard Las Vegas, NV 89192	RICA FITZHUGH  E-Mail: Rica_Fitzhugh@ccmail.wr.irs.gov	TEL 702-455-1029 FAX 702-455-1225
<b>NEW HAMPSHIRE</b> JFK Federal Building P.O. Box 9112 Boston, MA 02203	MARY DYLESKI	TEL 617-565-1348 FAX 617-565-1379

## **EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE (cont)**

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## **EXHIBIT 13 - IRS ELECTRONIC FILING CONTACT POINTS BY STATE (cont)**

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TEL 307-633-0803

FAX 307-633-0915

### 3.10 - Complete Updated Reprint of IRS Service Center Telephone Numbers Exhibit, Publication 1345, Exhibit 14, p.136

Changes are highlighted

## EXHIBIT 14 - SERVICE CENTER TELEPHONE NUMBERS

For questions relating to the submission or processing of **FORMS 8633**, Application to Participate in the Electronic Filing Program, or questions relating to the **SUITABILITY** process or the status of suitability determinations, call **(not toll free)**:

Andover Service Center . . . . . 978-474-1499

For questions relating to transmission of return data and issues other than those related to applications and suitability, call **(not toll free)**:

Andover Service Center . . . . . 978-474-9486

Austin Service Center . . . . . 512-460-8900

Cincinnati Service Center . . . . . 606-292-5621

Memphis Service Center . . . . . 901-546-2690

Ogden Service Center . . . . . 801-620-7444



### **3.11 - Correction: Weekly Cut-off**

Section 9.5:5 of Publication 1345 incorrectly states that the weekly cut-off for entering electronic returns into an IRS processing cycle is noon each Wednesday. It should be noon each **Thursday**.

### **3.12 - Update: Tax Year 1997 Schedule D, Capital Gains and Losses**

The following item was posted to the Electronic Filing Bulletin Board on December 17, 1997.

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#### **SCHEDULE D EXTERNAL STAKEHOLDER MESSAGE**

Internal Revenue Service programs for returns processing that relate to Schedule D are not expected to be ready until February 12, 1998, for both paper-filed and electronically-filed returns. Paper and electronic processing will be different until that time. Paper returns with Schedule D will be held at the service centers and not processed. Electronic returns will be rejected if they are transmitted before the programming is ready.

If clients come into your office prior to February 12, with a tax return with an accompanying Schedule D to be electronically filed, please advise them of the following:

- Neither paper nor electronic returns can be processed by the IRS until February 12, 1998.
- Paper returns will be held in the service centers until February 12, 1998.
- Electronic returns will be rejected if filed before February 12, 1998.
- Electronic Return Originators (EROs) can hold the Schedule D returns until February 12, 1998 without being in violation of the stockpiling provision of the Revenue Procedure, or;
- EROs can advise their clients to return to their office after February 12, 1998 to have their return transmitted, or;
- The client can file the return on paper, with the understanding that the return will be held at the service center until the programming is ready.

We will continue to keep you informed through the I.R.S. Web site at [www.irs.ustreas.gov](http://www.irs.ustreas.gov) and through the Electronic Filing Bulletin Board.

## SECTION 4 - ERROR REJECT CODE (ERC) EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS

The following is an excerpt from Publication 1346, Part I, Attachment 1.  
Updates posted to the EFS BBS prior to December 10, 1997 are included.  
(See Appendix for location of SEQ numbers.)

Shaded entries are new, involve Forms 4136 or 8839, or involve ITIN/ATIN.

- |            |  |
|------------|--|
| <b>001</b> | Page 01 of the Tax Return must be present.<br>The Summary Record must be present.  |
| <b>002</b> | Reserved   |
| <b>003</b> | The Tax Period must be "199712".   |
| <b>004</b> | The Primary SSN (SEQ 010) must be numeric, cannot be all blanks, nor all zeros nor all nines <b>AND</b> must be within the valid ranges of SSN/ITINs. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)<br>The Primary SSN (SEQ 010) is a required field.<br>Primary SSN (SEQ 010) must be a valid SSN/ITIN and cannot contain an ATIN.  |
| <b>005</b> | The maximum number of statement page records within a return is 30.  |
| <b>006</b> | Primary Name Control (SEQ 050) must equal the first four significant characters of the Primary Taxpayer's Last Name.<br>Primary Name Control (SEQ 050) and Spouse's Name Control (SEQ 055) of the Tax Return, Parent Name Control (SEQ 045) of Form 8615, and Child Name Control (SEQ 015) of Form 8814 may not contain leading or embedded spaces. The two leftmost positions must be alpha. Only alpha, hyphen, and space are allowed. Omit punctuation marks, titles, and suffixes.<br>(Dependent Name Control (SEQs 172, 182, 192, 202, 212, 222) of Form 1040 or Form 1040A and Qualifying Name Control (SEQs 007, 077) of Schedule EIC must meet the same criteria. If Dependent Name Control is not in the proper format, ERC 066 will be set. If Qualifying Name Control is not in the proper format, ERC 201 will be set).<br>The Spouse's Name Control (SEQ 055) is required when the filing status is "2" or "3". On Form 1040EZ, when the Secondary SSN (SEQ 030) is significant, the Spouse's Name Control is required.<br>Form 8615, Parent Name Control (SEQ 045) must be present.<br>Form 8814, Child Name Control (SEQ 015) must be present.<br><br>(See Publication 1346, Part I, Attachment 8 for examples of name controls.) |
| <b>007</b> | Street Address (SEQ 080) is alphanumeric and can have no leading or consecutive embedded spaces. The only special characters allowed are space, hyphen (-), and slash (/).<br>The first position or character entered in the Street Address must be alphabetic or numeric.   |

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- The Street Address is a required field.
- 008** On Form 1040/1040A, the Total of Line 6a and 6b (SEQ 167) must equal Exempt Self (SEQ 160) and Exempt Spouse (SEQ 163).  
Filing Status (1-5) (SEQ 130) is a required field. (Form 1040 and Form 1040A)
- 009** Reserved
- 010** Significant money fields must be right-justified and zero-filled. Money fields must be whole dollars (no cents).  
Numeric fields which can contain a literal, when transmitting in fixed format, must be left-justified and blank-filled; when transmitting in variable format, transmit only significant characters.  
Significant date fields with a length of eight positions must contain eight numeric characters in MMDDYYYY format when transmitted in variable or fixed format.  
Year fields with a length of four positions must contain four numeric characters in YYYY format when transmitted in a fixed or variable format.  
All alphanumeric fields must contain the type of data specified under the columnar heading "Field Description" in Part II Record Layouts. All alphanumeric fields must be left-justified and blank-filled unless otherwise specified.
- 011** On Form 1040/1040A - When Exempt Self (SEQ 160) equals "X" Total Exemptions (SEQ 360) must be greater than zero.
- 012** If Overpaid (SEQ 1260) of Form 1040/1040A is significant and Estimated Tax Penalty Amount (SEQ 1310) **IS GREATER THAN** Overpaid, then Amount Owed (SEQ 1290) must be significant;  
**OR**  
If Overpaid (SEQ 1260) is significant and Estimated Tax Penalty Amount (SEQ 1310) **IS NOT GREATER THAN** Overpaid, then Amount Owed (SEQ 1290) must **NOT** be significant.
- 013** Reserved
- 014** This reject code is set for fields which are defined in Publication 1346, Part II, Record Layouts as "NO ENTRY".
- 015** Literals "CHILD CARE", "MEDICAL", "CASUALTY", "THEFT", "CHILD-CARE", "CHILDCARE", or "DEPENDENT CARE" must not be present on Schedule A, Other Expenses Type (SEQ 420 or 432) or Other Expense Type (SEQ 475).
- 016** Zip Code (SEQ 095) must be within the valid range of zip codes listed for that state (See Publication 1345, exhibit 7) and must not end in "00", with the exception of 20500 (the White House Zip Code).
- 017** Form 4137, Tip Income Name (SEQ 010) **AND** Tip Income SSN (SEQ 020) must be significant.
- 018** The following fields on Form 5329 must be present: Name of Person Subject to Penalty Tax (SEQ 010) **AND** SSN of Person Subject to Penalty Tax (SEQ 020).

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 019** The Routing Transit Number (RTN), Form 1040 (SEQ 1272) must be nine (9) numerics. The first two positions must be 01 through 12 **OR** 21 through 32, the RTN must be present on the Financial Organization Master File (FOMF), **AND** the banking institution **MUST** process Electronic Funds Transfer (EFT). (See Publication 1346, Part I, Section 11.04 for the RTN validation.)
- The Depositor Account Number (SEQ 1278) must be alphanumeric (i.e., numerics, alphas, and hyphens only) and left-justified with trailing blanks if less than 17 positions **AND MUST NOT EQUAL ZEROS**.
- When Depositor Account Number (SEQ 1278) is significant, or the Routing Transit Number (RTN) (SEQ 1272) is significant, either Checking Account Indicator (SEQ 1274) must equal "X" **OR** Savings Account Indicator (SEQ 1276) must equal "X".
- 020** Form 1040 Name Line 1 (SEQ 060) cannot have leading or consecutive embedded spaces. The only characters allowed are alpha, space, ampersand (&), hyphen (-), and less-than sign (<). The leftmost position must be alpha. The less-than sign replaces the intervening space to identify the Primary Taxpayer's last name. It cannot be preceded or followed by a space. Do not enter a space before or after any less-than sign; the less-than sign takes the place of a space.
- DO NOT ENTER DECEDENT NAMES IN NAME LINE 1. DECEDENT RETURNS MAY NOT BE FILED ELECTRONICALLY.**
- Form 1040 Name Line 1 (SEQ 060) is a required field.
- 021** Form 1040 Name Line 2 (SEQ 070) is alphanumeric and can have no leading or consecutive embedded spaces. The only special characters allowed are space, ampersand (&), hyphen (-), slash (/), and percent (%).
- 022** Form 1040 State Abbreviation (SEQ 087) must be alpha and consistent with the standard state abbreviations issued by the Postal Service. (See section 3.7 of this publication.)
- State Abbreviation (SEQ 087) is a required field.
- 023** Form 1040 City field (SEQ 083) must be present, left-justified, and contain a minimum of three alpha characters, blank filled when transmitted in fixed format. The City field may not contain consecutive embedded spaces. The City field must contain only alphabetic characters and spaces. Do **NOT** abbreviate cities.
- Form 1040 City field (SEQ 083) is a required field.
- 024** If the Military Ind (SEQ 097) equals "1" then the City (SEQ 083) must equal "APO" or "FPO", and the STATE abbreviation (SEQ 087) must equal "AA", "AE", "AP" with the appropriate ZIP Code (SEQ 095).
- 025-026** Reserved
- 027** The electronic return originator Name (Field 4) must be present in the Summary Record.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- The EFIN of Originator (Field 5) must be present in the Summary Record **AND** be equal to EFIN of Originator, in the DCN of the Return Record.
- 028** The District Office Code in the EFIN of the Originator in the Return Record must be valid.
- 029** The EFIN of the Originator of the return must be for a valid electronic filer authorized at that Service Center.
- 030** All pages of multiple page schedules or forms must be present. Listed below are exceptions to this rule:
- a. Page 2 may be present without Page 1 and vice versa for the following: Schedule E, Form 4684, Form 4797, and Form 8283.
  - b. Page 2 need not be transmitted if there are no entries for that page (but page 2 cannot be present without page 1) for the following: Schedule C, Schedule F, Schedule H, Schedule 2, Form 2106, Form 2119, Form 2210, Form 2441, Form 4562, Form 4972, Form 5329 and Form 8839.
  - c. Pages 2 and 3 are optional for Form 2210 and Form 8582, but if present, page 1 must also be present.
  - d. Form 4136 Page 2 may be present without Page 1, but if Page 1 is present, then Page 2 must also be present.
- 031** The Return Sequence Number must be numeric.
- 032** The DCN must be numeric.
- 033** Name Line 1 (SEQ 060) can have a maximum of 35 characters; any more than 35 will be dropped.
- Fields on a record must **NOT** be longer than specified in Publication 1346, Part II, Record Layouts.
- 034** For each record, significant data must be present following the Record ID.
- 035** Sequence Numbers for each record must be in ascending order and valid for that record.
- 036** Only one (1) Schedule C-EZ is allowed for the Primary SSN and one (1) for the Secondary SSN (two per tax return when filing status is equal to married filing joint). When Schedule C-EZ is present, no Schedule C is allowed for that taxpayer.
- 037** The number of Dependent Name Controls (SEQ 172, 182, 192, 202, 212, 222) on Form 1040/1040A or in the related statement record must equal Number of Children Who Lived with You (SEQ 240) **PLUS** Number Not Living with You (SEQ 247) **PLUS** the Number of Other Dependents Listed (SEQ 350).
- 038** If the Source Return Indicator (Field 3) of the Tax Return has a value of "1" indicating a Form 1040A, then Schedules 1, 2, 3, H, EIC, Forms W-2, 1099-R, 2210, 8606, 8615, 8815 8839 or 9465 are allowed. Taxable Income (SEQ 820) must be less than \$50,000.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 039** If the Source Return Indicator (Field 3) of the Tax Return has a value of "2" indicating a Form 1040EZ, then Forms W-2 or 9465 are allowed. Taxable Income (SEQ 820) must be less than \$50,000 and Taxable Interest (SEQ 380) must be less than \$401. Primary Taxpayer and Spouse, when filing a Joint Return, must both be under age 65.
- 040** On Form 1040/1040A, if Number of Children Who Lived with You (SEQ 240), **OR** Number of Dependents Listed (SEQ 350) is significant, information for at least one dependent must be present.
- 041** Dependent entries must start on line 1 of the Dependent information and no lines may be skipped when completing the Dependent information.
- 042** Reserved
- 043** On Form 1040/1040A, if Filing Status (SEQ 130) equals "4" (Head of Household), then one of the following must be significant:  
a. Qualifying Name for Head of Household (SEQ 150) **AND** SSN for Qualifying Name (SEQ 153); **OR**  
b. Number of Children who lived with You (SEQ 240); **OR**  
c. Number of Other Dependents Listed (SEQ 350).  
When Qualifying Name for Head of Household (SEQ 150) is significant, SSN for Qualifying Name (SEQ 153) must be significant and within the valid SSN/ITIN/ATIN range and must not equal Primary SSN (SEQ 010) nor Secondary SSN (SEQ 030).
- 044** The incoming record has an invalid RECORD ID. The error may be one of the following:  
1) The Form/Schedule is invalid for electronic filing, or the page number is incorrect/or duplicated.  
2) Each record must be followed by a record terminus character (#).
- 045** The format and content of the record identification information (RECORD ID) which begins each type of record must be exactly as presented in the input instructions.  
The number of occurrences for schedules/forms in an electronically filed tax return cannot exceed the number specified. (See section 3.3 of this publication.)
- 046** The SSN of Self-Employed must appear on the first Schedule SE and must match either the Primary SSN (010) or Secondary SSN (030) of Form 1040.
- 047** The SSN of Self-Employed must appear on the second Schedule SE and must match the Secondary SSN (SEQ 030) of Form 1040 **AND MUST NOT MATCH** the SSN of the Self-Employed of the first Schedule SE. If both spouses are liable for self-employment tax, the Schedule SE for the primary taxpayer must precede the Schedule SE for the spouse.
- 048** The SSN of Taxpayer with Employee Business Expense (SEQ 003) must appear on the first Form 2106 and must match either the Primary SSN (SEQ 010) or the Secondary SSN, (SEQ 030).

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 049** The SSN of Taxpayer with Employee Business Expense must appear on the second Form 2106 **AND** must match the Secondary SSN (SEQ 030) **BUT MUST NOT MATCH** the SSN of the first Form 2106. If both spouses are claiming business expense deductions, the Form 2106 for the primary taxpayer must precede the Form 2106 for the spouse.
- 050** The only valid entry in a Required Statement field, denoted with the "at-sign" (@) in Record Layouts, is a statement reference, i.e., "STMbnn". Line 2 must be blank **AND** Line 3 must contain significant data.
- 051** Any statement number reference "STMbnn" occurring in a data field must have a corresponding statement record and each statement record may be referenced only once, i.e., the number of references cannot exceed the number of actual statement records.
- 052** Optional statements are used only when the lines of data to be entered exceed spacing allowed on a form or schedule. Line 1, Line 2, Line 3, and Line 4 must all contain significant data. This rule does not apply to Required Statements.
- 053** The number of statement records cannot exceed the number of statement references.
- 054** Tip Income SSN (SEQ 020) of the first Form 4137 must equal Primary SSN (SEQ 010) **OR** Secondary SSN (SEQ 030) of Form 1040.
- 055** The SSN of Taxpayer with IRAs (SEQ 010) must appear on the first Form 8606 **AND** must match either the Primary SSN (SEQ 010) **OR** the Secondary SSN (SEQ 030) of Form 1040/1040A.
- 056** The SSN of Taxpayer with IRAs (SEQ 010) must appear on the second Form 8606 **AND** must match the Secondary SSN (SEQ 030) of Form 1040/1040A **AND MUST NOT** match the SSN of Taxpayer with IRAs on the first Form 8606. If both spouses are filing Form 8606, then Form 8606 for the primary taxpayer must precede the Form 8606 for the spouse.
- 057** The SSN of Person Subject to Penalty Tax (SEQ 020) must appear on the first Form 5329 **AND** must match either the Primary SSN (SEQ 010) or Secondary SSN (SEQ 030) of Form 1040.
- 058** The SSN of Person Subject to Penalty Tax (SEQ 020) must appear on the second Form 5329 **AND** must match the Secondary SSN (SEQ 030) of Form 1040 **AND MUST NOT** match the SSN of Person Subject to Penalty Tax (SEQ 020) on the first Form 5329. If both spouses are filing Form 5329, then Form 5329 for the primary taxpayer must precede the Form 5329 for the spouse.
- 059** Tip Income SSN of second Form 4137 must equal Secondary SSN (SEQ 030) of Form 1040 **AND MUST NOT EQUAL** Tip Income SSN (SEQ 020) of first Form 4137.
- 060** The Return Sequence Number (RSN) must be in ascending numerical sequence within a transmission. However, the RSNs within the transmission do not have to be consecutive.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 061** The Declaration Control Number must be in ascending numerical sequence within the transmission. However, the DCNs do not have to be consecutive.
- 062** The first two digits of the Declaration Control Number must be zeros.
- 063** If Filing Status (SEQ 130) equals "2" (Married Filing Jointly) or "3" (Married Filing Separately), the Tax Form must contain both a Primary SSN (SEQ 010) and a Secondary SSN (SEQ 030). The Filing Status of Form 1040EZ is considered to be Married Filing Jointly when Secondary SSN (SEQ 030) is significant.
- 064** The Year Digit of the DCN must be "8".
- 065** On Form 1040/1040A, if Exempt Spouse Indicator (SEQ 163) is equal to "X" then Filing Status (SEQ 130) must equal "2" (Married Filing Jointly).
- 066** When Dependent Data is present, the following fields must be significant for each dependent: Dependent First Name, Dependent Last Name, Dependent Name Control, Dependent's SSN, and Relationship, **AND** Number of Months must be numeric or equal to "CN" or "MX".  
Dependent Name Control (SEQ 172, 182, 192, 202, 212, 222) must be in the correct format. (See Publication 1346, Part I, Attachment 8 for name control formats.)
- 067** Dependent First Name, Form 1040/1040A (SEQ 170, 180, 190, 200, 210, 220) must contain only alpha characters and spaces. A space must not immediately precede the first name.  
Dependent Last Name, Form 1040/1040A (SEQ 171, 181, 191, 201, 211, 221) must contain only alpha characters and spaces. A space must not be in the first position of Dependent's Last Name.
- 068** Dependent's SSN of Form 1040 and 1040A (SEQ 175, 185, 195, 205, 215, 225) must be all numerics, cannot be all zeros nor all nines.  
Dependent's SSN cannot equal Primary SSN (SEQ 010) nor Secondary SSN (SEQ 030).  
  
Dependent's SSN must fall within the valid ranges for SSN/ITIN/ATIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)  
Dependent's SSN cannot equal another Dependent's SSN.
- 069** If Filing Status equals "2", Name Line 1 (SEQ 060) of Form 1040 or Form 1040A must contain an ampersand (&).  
If the Secondary SSN on Form 1040EZ is significant, Name Line 1 (SEQ 060) must contain an ampersand (&).
- 070** For Form 1040, if Other Adjustments Literal equals "JURY PAY", then at least one Type of Other Income, (SEQ 560) must equal "JURY PAY".
- 071** The Secondary SSN (SEQ 030) must be all numerics, it cannot be all zeros, nor all nines; it must be within the valid range of SSN/ITIN and must not equal the Primary SSN (SEQ 010). (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.) The Secondary SSN (SEQ 030) must be a valid SSN/ITIN and cannot contain an ATIN.



## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 072** On the tax form, when EIC Eligibility (SEQ 1183) equals "NO", then Earned Income Credit, (SEQ 1180) must be blank.  
If Schedule EIC is present, Earned Income Credit, Form 1040/1040A (SEQ 1180) must be significant.
- 073** Form 1040/1040A - When Year Spouse Died (SEQ 155) is significant, it must equal "1995" or "1996" (i.e., one of the two years prior to the tax year of the return) and Filing Status (SEQ 130) must equal "5".  
If the Filing Status (SEQ 130) equals "5", Number of Children Who Lived with You (SEQ 240) must be significant.
- 074** Form 2441/Schedule 2 - A Qualifying Person's SSN cannot equal another Qualifying Person's SSN.
- 075** If Earned Income Credit (SEQ 1180) on the Tax Form is greater than zero, then at least one of the following must be present for  
**Form 1040:**  
Form W-2; or  
Form 1099-R with Distribution Code (SEQ 190) equal to "3";  
Type of Other Income (SEQ 560) and  
Amount of Other Income (SEQ 570); or  
Schedule C; or Schedule C-EZ; or  
Schedule E with Part/S-Corp Ind (SEQ 1172, 1210, 1270, 1330, 1390)  
equal to "P"; or  
Schedule F; or  
Household Help Literal (SEQ 366) and Household Help Amount (SEQ 368).  
**Form 1040A:**  
Form W-2; or  
Form 1099-R with Distribution Code (SEQ 190) equal to "3"; or  
Household Help Literal (SEQ 366) and Household Help Amount (SEQ 368).  
**Form 1040EZ:**  
Form W-2; or  
Household Help Literal (SEQ 366) and Household Help Amount (SEQ 368).
- 076** If Taxable Interest (SEQ 380) of Form 1040/1040A is greater than \$400, it must equal Taxable Interest (SEQ 290) of Schedule B/Schedule 1,.
- 077** When Dividend Income (SEQ 395) of Form 1040/1040A is greater than \$400, or when Taxable Dividends (SEQ 580) of Schedule B/ Schedule 1 is greater than zero, Dividend Income (SEQ 395) of Form 1040/1040A must equal Taxable Dividends (SEQ 580) of Schedule B or Schedule 1.
- 078** Form 1040 - Capital Gain/Loss (SEQ 450) must equal Combined Net Gain/Loss (SEQ 1843) or Allowable Loss (SEQ 1846) on Schedule D.
- 079** Form 1040 Rent/Royalty/Part/Estates/Trusts Inc (SEQ 510) must equal Schedule E, Total Income or Loss, (SEQ 1150) **OR** Total Supplemental Income (Loss), (SEQ 2010).
- 080** On Form 1040, Current Year Moving Expenses (SEQ 637) must equal the total of Moving Expense Deduction (SEQ 180) on Form(s) 3903.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 081** If Form 1040, F4684 Literal (SEQ 460) is blank, then Other Gain/Loss (SEQ 470) of Form 1040 must equal Redetermined Gain/Loss (SEQ 1030) of Form 4797.
- 082** If Schedule A is present, then Total Itemized or Standard Deduction (SEQ 789) Form 1040, must equal Total Deductions (SEQ 520) on Schedule A.
- 083** Form 1040/1040A - Credit for Child & Dependent Care (SEQ 925) must equal Form 2441/Schedule 2 Credit for Child & Dependent Care (SEQ 330).
- 084** Form 1040/1040A - Credit for Elderly or Disabled (SEQ 930) must equal Schedule R/Schedule 3 Credit (SEQ 250).
- 085** Schedule R Taxable Disability must contain an entry when any of the following equal "X":  
Retire/Disabled, (SEQ 020);  
Both Under 65, One Retired (SEQ 040);  
Both Under 65, Both Retired (SEQ 050);  
One Over 65, Other Retired (SEQ 060); **OR**  
Under 65, Did Not Live With Spouse (SEQ 090).
- 086** If Form 1040 Exempt SE Tax Indicator (SEQ 1035) is blank and Schedule SE Exempt/Form 4361 Box (SEQ 025) is also blank, then Self Employment Tax must equal Schedule SE, Self-Employment Tax, (SEQ 160).
- 087** Form 6251 Alternative Minimum Tax (SEQ 340) must equal Alternative Minimum Tax (SEQ 1050) of Form 1040.
- 088** The sum of Refund, Form 1040/1040A (SEQ 1270) **PLUS** Applied to ES (SEQ 1280) **PLUS** ES Penalty Amt (SEQ 1310) must equal Overpaid (SEQ 1260).
- 089** If Form 1040 Total Alimony Paid (SEQ 697) is significant, then Recipient Social Security Number (SEQ 693) must be present and vice versa. Recipient Social Security Number must be within the valid range for SSN/ITIN and must not equal Primary SSN/ITIN (SEQ 010). Recipient Social Security Number (SEQ 693) cannot contain an ATIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 090** If Form 2441/Schedule 2 is present, then one of the following must be significant:  
Dependent Care (SEQ 330) of Form 2441/Schedule 2; **OR**  
Dependent Care Benefits (SEQ 371) of Form 1040/1040A; **OR**  
Dependent Care Benefits (SEQ 210) of Form W-2; **OR**  
Alternative Minimum Tax Literal (Child & Dep Care) (SEQ 922) of Form 1040/1040A.
- 091** Form 2119 - When Taxable Gain (SEQ 355) is significant, then Net ST Gain or Loss for Entire Year (SEQ 715) or Net LT Gain or Loss for Entire Year (SEQ 1720) or Net LT 28% Rate Gain or Loss (SEQ 1726) must be significant on Schedule D.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 092** If Form 2119 Exclusion Amount (SEQ 234) is greater than zero, then Self 55 or Over (SEQ 221), Spouse 55 or Over (SEQ 223), **OR** Both 55 or Over (SEQ 224) must be equal to "X".
- AND**
- Principal Residence Yes (SEQ 225) or Principal Residence No (SEQ 226)
- AND**
- Owner Residence You (SEQ 229) or Owner Residence Spouse (SEQ 231) or Owner Residence Both (SEQ 232) must equal "X".
- 093** On Form 2119, if Exclusion Amount (SEQ 234) is greater than zero, and Filing Status (SEQ 130) of Form 1040 is equal to "3", Spouse Consent Indicator (SEQ 310) must equal "SC".
- When two Forms 2119 are present, Exclusion Amount (SEQ 234) can only be significant on the first occurrence.
- 094** If Form 6252 is present, and either Installment Net Gain Amount (SEQ 290) **OR** Installment Sale Income (SEQ 460) is significant **THEN** Schedule D or Form 4797 must be present.
- 095** Form 2441/Schedule 2 - If Total Qualified Expenses or Limit (SEQ 230), or Credit for Child & Dependent Care (SEQ 330) or Net Allowed Amt (SEQ 460) is greater than zero, then Qualifying Person SSN-1 (SEQ 214) must be present.
- If Credit for Child & Dependent Care (SEQ 330) is significant and either Total Qualified Expenses or Limit (SEQ 230) or Net Allowed Amount (SEQ 460) is greater than zero, then Primary Earned Income (SEQ 260) must be significant. Spouse's Earned Income (SEQ 270) must also be significant when Filing Status (SEQ 130) of Form 1040/1040A equals "2".
- 096** If Capital Gains (SEQ 540) of Schedule B is significant, then Capital Gain Distribution for Entire Year (SEQ 1775) or 28% Rate Gain Distributions (SEQ 1792) must be significant on Schedule D.
- 097** Form 1040 - When Capital Gain/Loss (SEQ 450) is significant, Schedule D must be present.
- When the CGD Literal (SEQ 445) is not equal to "CGD" and Capital Gain/Loss CGD (SEQ 450) is significant, Schedule D **MUST** be attached.
- 098** Gross Receipts Less Returns Allowances on Schedule C (SEQ 220) must equal Gross Receipts/Sales, (SEQ 200) **MINUS** Returns/ Allowances (SEQ 210).
- 099** Form 1040 Business Income/Loss (SEQ 440) must equal the total of Schedules C, Net Profit/Loss,(SEQ 710) **AND** Schedule C-EZ, Net Profit/Loss (SEQ 710).
- 100** If Schedule C, Some Is Not At Risk indicator (SEQ 730) equals "X" **AND** Net Profit (Loss), (SEQ 710) is negative, **THEN** Form 6198 must be present.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 101** Investment Interest Expense of Form 4952 (SEQ 010) must be greater than zero **OR** Carryover Disallowed Interest Expense (SEQ 020) must be significant **OR** Investment Interest Expense Deduction (SEQ 060) must be greater than zero.
- 102** When Schedule E Some is Not At Risk (SEQ 1180, 1238, 1298, 1358 or 1418), equals "X" on any Schedule E, **AND** the corresponding Part/S-Corp Non passive Schedule K-1 Loss, (SEQ 1192, 1253, 1313, 1373, or 1433) is significant, **THEN** Form 6198 must be present.
- 103** If Withholding (SEQ 1160) on the Tax Form is greater than \$500, then at least one of the following must be present for  
**Form 1040:** Other 1099 Withholding Literal (SEQ 1140), Withholding (SEQ 130) on Form W-2; or Withholding (SEQ 160) on Form 1099-R; or Withholding (SEQ 050) on Form W2-G.  
**Form 1040A:** Other 1099 Withholding Literal (SEQ 1140), Withholding (SEQ 130) on Form W-2; or Withholding (SEQ 160) on Form 1099-R.  
**Form 1040EZ:** Other 1099 Withholding Literal (SEQ 1140), Withholding (SEQ 130) on Form W-2.
- 104** The following fields on the Tax Form **MUST EQUAL** those in the Summary Record.

FIELD	TAX FORM	SUMMARY NO.
Routing Transit Number	1272	23
Checking Account Indicator	1274	24
Savings Account Indicator	1276	25
Depositor Account Number	1278	26
RAL Indicator	1465	28

- 105** When the Routing Transit Number (SEQ 1272) or Depositor Account Number (SEQ 1278) is significant, both must be significant **AND** either the Checking Account Indicator (SEQ 1274) must equal "X" **OR** the Savings Account Indicator (SEQ 1276) must equal "X".  
The RAL Indicator (SEQ 1465) must be present on Form 1040/1040A/1040EZ.
- 106** If multiple Schedules E are transmitted, only the **FIRST** Schedule E may contain total amounts in any one of the following sequence numbers: 0125, 0155, 0380, 1000, 1040, 1110, 1120, 1150, 1750, 1755, 1765, 1933, 1937, 1945, 1977, 1991, 2010, and 2020. (See Appendix in this publication.)
- 107** If SST Wages/RRT Comp, Schedule SE (SEQ 088) **OR** Unreported Tips (SEQ 090) is significant, **THEN** Total Wages/Unreported Tips, (SEQ 100) must be significant.
- 108** For Form 1040 or Form 1040A - Total Payments (SEQ 1250) must be greater than Total Tax (SEQ 1130) when Overpaid (SEQ 1260) is significant.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- For Form 1040EZ, Total Payments (SEQ 1250) must be greater than Total Tax (SEQ 1256) when Refund (SEQ 1270) is significant.
- 109** If Earned Income Credit (SEQ 1180) is significant on Form 1040/1040A/1040EZ, or Schedule EIC is present, then Earned Income Credit cannot be claimed when either the Primary SSN (SEQ 010) or the Secondary SSN (SEQ 030) of the Tax Return is equal to an ITIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 110** Form 1040/1040A - When "ROLLOVER" is present in IRA Distribution Literal (SEQ 477), IRA Distribution Explanation (SEQ 479) must contain a valid statement reference (STMbnn) and vice versa.
- 111** Reserved
- 112** Form 1040 - When Retirement Tax Plan Literal (SEQ 1095) is blank, Tax on Retirement Plans (SEQ 1100) must equal the total of the following fields from Form(s) 5329: Total Section 72 Tax on Early Distributions (SEQ 078), Excess Contributions Tax on IRA (SEQ 160), and Tax on Excess Accumulations (SEQ 370).  
When Retirement Tax Plan Literal (SEQ 1095) equals "NO", Form 5329 does not have to be present, but Tax on Retirement Plans (SEQ 1100) must be significant and Distribution Code (SEQ 190) of Form 1099-R must equal "1".
- 113** If Non-Cash/Check Contribution on Schedule A (SEQ 360) is greater than \$500, Form 8283 must be present.
- 114** On Form 1040/1040A, if Taxable Amount of Social Security (SEQ 557) is significant, then Social Security Benefits (SEQ 553) must be significant.
- 115** If Railroad Retire Indicator Form 1040 (SEQ 1070) is blank, then Social Security & Medicare Tax on Tips (SEQ 1080) must equal Form 1040 Social Security & Medicare Tax on Tips (SEQ 200) from Form(s) 4137.
- 116** The Total Payments (SEQ 1250) must equal Total Tax (SEQ 1130) or one of the following must be present: Overpaid (SEQ 1260), Refund (SEQ 1270), Applied to ES Tax (SEQ 1280), **OR** Amount Owed (SEQ 1290).
- 117** On Schedule C, Gross Receipts/Sales (SEQ 200), Gross Income (SEQ 270), Total Expenses (SEQ 700), Tentative Profit/Loss (SEQ 702) or Net Profit (Loss) (SEQ 710) must be significant.
- 118** Form 5329 - The Name of Person Subject to Penalty Tax (SEQ 010) must contain a less-than symbol (<) immediately preceding the last name, with no spaces before or after.
- 119** On Form 1040/1040A, if Filing Status is equal to "3" (Married Filing Separately), State Abbreviation (SEQ 087) must not equal one of the following states: AZ (Arizona); LA (Louisiana); TX (Texas); CA (California); NV (Nevada); WA (Washington); ID (Idaho); NM (New Mexico); WI (Wisconsin). **EXCEPTION:** If Filing Status is equal to "3" and Military Indicator (SEQ 097) is equal to "2" then the State Abbreviation may equal one of the Community Property states listed above.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 120** On Form 1040/1040A, Total IRA Distributions Received (SEQ 475) must **NOT** equal Taxable Amount, (SEQ 480).
- 121** On Form 1040/1040A, Pensions Annuities Received (SEQ 485) must **NOT** equal Taxable Amount (SEQ 495).
- 122** For Form W-2, the W-2 Indicator (SEQ 510) must equal "N" or "S".  
For Form W-2, the Employer EIN (SEQ 040) must be numeric and the first two digits must equal a valid District Office Code. (See Publication 1346, Part I, Attachment 7 for valid District Office Codes).  
For Form W-2, the Employer Name Control (SEQ 045) must be present.
- 123** For Form W-2, the following fields must be present (if alphanumeric) or significant (if numeric):  
Employer Name (SEQ 050)  
Employer Address (SEQ 060)  
Employee Name (SEQ 090)  
Employee Address (SEQ 100)  
Employee City (SEQ 110)  
State (SEQ 113)  
Zip Code (SEQ 115)  
Wages (SEQ 120)
- 124** For each Form W-2G that is present, Payer Name (SEQ 020), Payer Identification Number (SEQ 026), and Payer Name Control (SEQ 015) must be present.
- 125** For each Form 1099-R that is present, Payer Name (SEQ 020), Payer Identification Number (SEQ 050), and Payer Name Control (SEQ 015) must be present.
- 126** If Paid Preparer information is present on the Tax Form (SEQ 1340, 1350, 1360, 1370, 1380, 1390, 1400, 1410) then either Preparer Firm EIN (SEQ 1380) **OR** Preparer SSN (SEQ 1360) must be present.  
If Preparer Firm EIN is present, Preparer Firm EIN must be numerics and not equal to all nines or all zeros. If Preparer SSN is present, Preparer SSN must be numerics and not equal to all nines or all zeros.  
Paid Preparer Information (SEQ 1330 -1410) and Non-Paid Preparer Information (SEQ 1330) indicating an IRS-sponsored assistance program, such as "VITA" (Volunteers in Tax Assistance) or "TCE" (Tax Counseling for the Elderly), cannot both be present. (See Publication 1346, Part I, Attachment 6 for further clarification of Non-Paid and Paid-Preparer Fields).
- 127** Form 1040/1040A - if Total Payments (SEQ 1250) is greater than Total Tax (SEQ 1130), and the total of Applied to ES (SEQ 1280) **PLUS** ES Penalty Amount (SEQ 1310) equals Overpaid (SEQ 1260), then Refund (SEQ 1270) must not be significant.
- 128** Form 1040/1040A - if Total Payments (SEQ 1250) is greater than Total Tax (SEQ 1130), and the total of Applied to ES Tax (SEQ 1280) plus ES Penalty Amount (SEQ 1310) is less than Overpaid (SEQ 1260), then Refund (SEQ 1270) must be greater than zero.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 129** Form 1040/1040A - if Total Payments (SEQ 1250) equals Total Tax (SEQ 1130), then the following fields must not be significant: Overpaid (SEQ 1260), Refund (SEQ 1270), and Applied to ES Tax (SEQ 1280).
- 130** On Form 1040, if Total Itemized or Standardized Deduction (SEQ 789) contains one of the following amounts:\$4,250, \$5,050, \$5,150, \$6,150, \$7,050, \$7,700, \$8,050, \$8,500, \$9300 or \$10,100 **AND** either Credit for Elderly or Disabled (SEQ 930) is significant **OR** Occupation (SEQ 1323) contains "RETIRED" **OR** Spouse Occupation (SEQ 1327) contains "RETIRED", then at least one of the boxes below, must equal "X":  
Self 65 or Over Box (SEQ 772) **OR**  
Self Blind Box (SEQ 774) **OR**  
Spouse 65 or Over Box (SEQ 776) **OR**  
Spouse Blind Box (SEQ 778).
- 131** If Number of Children Not Living with You Due to Divorce or Separation (SEQ 247) is significant, then at least one Number of Months (SEQ 179, 189, 209, 219, 229) **MUST** equal zero and carry a corresponding Relationship (SEQ 177, 187, 197, 207, 217, 227) literal of "CHILD", "DAUGHTER", "GRANDCHILD", or "SON".
- 132** Reserved
- 133** On Schedule R or Schedule 3, if either Nontaxable SSB/RRB (SEQ 163) **OR** Nontaxable Other (SEQ 167) is significant, then Pensions and Annuities (SEQ 170) must be significant.
- 134** On Form 1040, if Exempt Self (SEQ 160) equals "X", **AND** Must Itemize Indicator (SEQ 786) is blank, **AND** Schedule A is not present, then Total Itemized or Standard Deduction (SEQ 789) must equal a valid standard deduction.  
On Form 1040A, if Exempt Self (SEQ 160) equals "X" **AND** Must Itemize Indicator (SEQ 786) is blank, then Total Itemized or Standard Deduction (SEQ 789) must equal a valid standard deduction.
- 135** Form 1040 - If F4684 Literal (SEQ 460) is equal to "F4684", then Form 4684 must be present.
- 136** **Form 1040** - If Form 2210 or Form 2210F is present, then ES Penalty Amount (SEQ 1310) of Form 1040 must equal Underpayment Penalty/Short Method (SEQ 240) or Total Underpayment Penalty (SEQ 720) from Form 2210, or Underpayment Penalty/Farmers Fishermen (SEQ 180) from Form 2210F.  
  
**Form 1040A** - If Form 2210 is present, the ES Penalty Amount (SEQ 1310) of Form 1040A must equal Underpayment Penalty/Short Method (SEQ 240) or Total Underpayment Penalty (SEQ 720) from Form 2210.
- 137** On Form 2441 or Schedule 2, if either SSN/EIN (SEQ 040/090) is present, the corresponding Amount Paid (SEQ 050/100) must be present.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 138** For Form 1040/1040A if Total Exemptions (SEQ 360) is greater than zero, then the total of the following fields must equal Total Exemptions:  
Total Box 6a and 6b (SEQ 167); **PLUS**  
Number of Children Who Lived with You (SEQ 240); **PLUS**  
Number of Children Not Living with You (SEQ 247); **PLUS**  
Number of Other Dependents Listed (SEQ 350).
- 139** On Form W-2, the SSN (SEQ 080) must equal either the Primary SSN (SEQ 010) or Secondary SSN (SEQ 030) of the Tax Form.
- 140** On Form 1040, Farm Income (SEQ 520) must equal Net Farm Profit or Loss (SEQ 680) of Schedule F.
- 141** On Schedule F, Gross Income Amount (SEQ 280) **OR** Total Expenses (SEQ 650) **OR** Net Farm Profit or Loss (SEQ 680) must be significant.
- 142** On Schedule F, either Accounting Method Cash Indicator (SEQ 050) must equal "X" **OR** Accounting Method Accrual Indicator (SEQ 060) must equal "X". Both indicators must not equal "X".
- 143** On Schedule F, **BOTH** Materially Participate Yes Indicator (SEQ 100) **AND** Materially Participate No Indicator (SEQ 110) cannot equal "X" or blank.
- 144-145** Reserved
- 146** When significant, Unemployment Compensation (SEQ 552) on the Tax Form, must be numeric and greater than zero.
- 147** Form 3903 - When Armed Forces Permanent Change of Station Literal (SEQ 005) is blank, Mileage Difference (SEQ 030) must be equal to or greater than "50".
- 148** When Waiver Ind (SEQ 020) of Form 2210 equals "X", Waiver Explanation (SEQ 237) of Form 2210 must equal "STMbnn" **OR** Waiver Explanation (SEQ 717) of Form 2210, Page 2, must equal "STMbnn".  
When Waiver of Penalty Box (SEQ 013) of Form 2210F equal "X", Waiver Explanation (SEQ 177) of Form 2210F must equal "STMbnn".
- 149** Schedule C - If Other Clos Inv Method (SEQ 744) is equal to "X", Other Meth Explanation (SEQ 746) must equal "STMbnn".
- 150** Form 1040 - F4255 Literal (SEQ 1121) and F4255 Amount (SEQ 1122) must be significant when Form 4255 is present and vice versa. Total Increase Tax (SEQ 530) of Form 4255 must be significant.
- 151** The Number of Logical Records in Tax Return (Field 7) of the Summary Record must equal the total logical record count computed by the IRS.
- 152** The Number of Forms W-2 (Field 8) of the Summary Record must equal the number of Forms W-2 computed by the IRS.
- 153** The Number of Forms W-2G (Field 9) of the Summary Record must equal the number of Forms W-2G computed by the IRS.
- 154** The Number of Forms 1099-R (Field 10) of the Summary Record must equal the number of Forms 1099-R computed by the IRS.
- 155** The Number of Schedule Records (Field 11) of the Summary Record must equal the number of schedule records computed by the IRS.



## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 156** The Number of Forms Records (Field 12) of the Summary Record must equal the number of form records computed by the IRS.
- 157** The Number of Statement Record Lines (Field 13) on the Summary Record must equal the number of statement record lines computed by the IRS.
- 158** On Form 1040/1040A, when Credit for Elderly or Disabled (SEQ 930) is significant, and Self 65 or Over Box (SEQ 772) and Spouse 65 or Over Box (SEQ 776) are blank, one of the following from Schedule R/Schedule 3 must be significant:  
Retired/Disabled (SEQ 020); **OR**  
Both under 65, One Retired (SEQ 040); **OR**  
Both under 65, Both Retired (SEQ 050); **OR**  
Under 65, Did Not Live with Spouse (SEQ 090).
- 159** When the Dependent No Indicator (SEQ 785) of Form 1040EZ is equal to "X", the Combined Standard Deduction and Personal Exemptions (SEQ 815) of Form 1040EZ must be \$6,800 when Secondary SSN (SEQ 030) is not significant or \$12,200 when Secondary SSN (SEQ 030) is significant.  
  
When the Dependent Yes Indicator (SEQ 784) is equal to "X" and the Secondary SSN (SEQ 030) is not significant, then Combined Standard Deduction and Personal Exemption (SEQ 815) must be less than \$4,151. When the Secondary SSN (SEQ 030) is significant, then Combined Standard Deduction and Personal Exemption (SEQ 815) must be less than \$9,551.
- 160** Reserved
- 161** On Form 1040EZ, when Dependent Yes Indicator (SEQ 784) is equal to "X", Dependent No-Ind (SEQ 785) **CANNOT** equal "X" and vice versa. Both indicators cannot be blank.
- 162** On Form 1040EZ, when Dependent Yes Indicator (SEQ 784) is equal to "X" Earned Income Credit (SEQ 1180) cannot be significant.  
On Form 1040EZ, Earned Income Credit (SEQ 1180) must be less than \$333, and Adjusted Gross Income (SEQ 750) must be less than \$9,770.
- 163** For Schedule R/Schedule 3, one of the following must be significant: SEQ 010, SEQ 020, SEQ 030, SEQ 040, SEQ 050, SEQ 060, SEQ 070, SEQ 080, or SEQ 090. Please see the Schedule R/ Schedule 3 in the Appendix of this publication.
- 164** For Schedule R/Schedule 3, if either Retired/Disabled (SEQ 020), Both Under 65, One Retired (SEQ 040), Both Under 65, Both Retired (SEQ 050), One Over 65, Other Retired (SEQ 060) or Under 65, Did Not Live with Spouse (SEQ 090) is significant **THEN** either Prior Year Statement Indicator (SEQ 100), At Least One Year (SEQ 110) or Permanent Disability (SEQ 120) must be significant.
- 165** Form 1040, when Self-Employed Deduction (SEQ 640) is significant, Schedule SE must be present and vice versa.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 166** On the Tax Form, when Nontaxable Earned Income Type (SEQ 1175) is significant, Nontaxable Earned Income Amount (SEQ 1176) must be present and vice versa.  
When Nontaxable Earned Income Amount (SEQ 1176) is on a statement the total of Nontaxable Earned Income Amount must equal Total Nontaxable Earned Income Amount (SEQ 1177). When there is no statement, Nontaxable Earned Income Amount (SEQ 1176) must equal Total Nontaxable Earned Income Amount (SEQ 1177).
- 167** Form 9465, Monthly Payment Date (SEQ 310) must be present and must be within 01 to 28 range.
- 168** Form 9465, Monthly Payment (SEQ 300) must be \$25 or more.
- 169** When Schedule E is present - on the first Schedule E, one of the following must be present (**EXCEPT** when Partnership/S-Corporation Name A is significant): Total Rents Received (SEQ 125); Total Royalties Received (SEQ 155); Rental and Royalty Deduction (SEQ 1000); Total Income (SEQ 1110); Total Losses (SEQ 1120); Total Part/S Corp Income (SEQ 1750); Total Part/S Corp Loss (SEQ 1755); Total Estate/Trust Inc (SEQ 1933); Total Estate/Trust Loss (SEQ 1937); Total REMIC Income (SEQ 1977); Net Farm Rental Income/Loss (SEQ 1991); Farming/Fishing Share (SEQ 2020) or Net Rental Real Estate Income/Loss (SEQ 2030).
- 170** Schedule A Casualty/Theft Loss (SEQ 390) must equal Line 16 minus Line 17 (SEQ 450) from Form 4684, when either is significant.
- 171** Form 4684 - Loss Equal to or Smaller than Gain (SEQ1120) must equal Gain/Loss for Entire Year (Form 4684 Sec B Gain) (SEQ 440) of Form 4797.
- 172** Form 9465 - Amount Owed on Tax Return (SEQ 280) cannot be greater than \$10,000.
- 173** On Form 4684, the sum of [Amount from Line 30(b)(ii) (SEQ 960 **AND** Line 35 Amount Col (b)(ii) (SEQ 1110) Line 38(b)] must be less than or equal to Total Other Expenses (SEQ 435) of Schedule A.
- 174** When Form 4684, Line 16 **MINUS** Line 17 (SEQ 450) is significant, Line 13 More than Line 14 (SEQ 430) must be significant.
- 175** On Form 1040, when either Other Adjustment Amount (SEQ 730) or Total Other Adjustments (SEQ 735) is significant, Total Adjustments (SEQ 740) must be significant.
- 176** Reserved
- 177** Tax Form - When Earned Income Credit (SEQ 1180) is significant and Schedule E is not present, the total of [Taxable Interest (SEQ 380), Tax-Exempt Interest (SEQ 385) of Form 1040/1040A/1040EZ, Dividend Income (SEQ 395) of Form 1040/1040A, and Capital Gain/Loss (SEQ 450) (when a positive amount) of Form 1040] must be equal to or less than \$2,250.
- 178-179** Reserved

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 180** Form 4835 - When one Form 4835 is present, Net Farm Rent Profit (SEQ 610) or Net Farm Rent Loss (SEQ 630) must equal Net Farm Rental Income/Loss (SEQ 1991) of the first Schedule E; **OR**, when two Forms 4835 are present, the sum of Net Farm Rent Profit (SEQ 610) and Net Farm Rent Loss (SEQ 630) from both forms must equal Net Farm Rental Income/Loss (SEQ 1991) of the first Schedule E.
- 181** Form 4835 - If Some is Not at Risk (SEQ 620) is equal to "X" on one or both Form(s) 4835, then Form 8582 or Form 6198 must be present.
- 182** If Schedule F, Net Farm Profit or Loss (SEQ 680) is negative, then If Some Is Not at Risk Indicator, (SEQ 700) equals "X", then Form 6198 must be present.
- 183** If Schedule C, Car/Truck Expenses (SEQ 293) is significant, then Form 4562 must be present **OR** Vehicle Service Date (SEQ 820), **AND** Business Miles (SEQ 830) must be present.
- 184** If Net Farm Rental Income/Loss (SEQ 1991) of the first occurrence of Schedule E is significant, then Form 4835 must be present **AND** Net Farm Rental Income/Loss (SEQ 1991) must equal Net Farm Rent Profit (SEQ 610) **OR** Net Farm Rent Loss (SEQ 630).  
When two Forms 4835 are present, Net Farm Rental Income/Loss (SEQ 1991) must equal the sum of Net Farm Rent Profit (SEQ 610) and Net Farm Rent Loss (SEQ 630) from both forms.
- 185** If Form 2119, Partial Business Use Yes (SEQ 040) is equal to "X", then Form 4797 must be present.
- 186** On Form 8829, Schedule C Allowable Expenses (SEQ 0450) must equal Home Business Expense (SEQ 0703) of Schedule C.
- 187** On Schedule C, the Employer ID Number (SEQ 060) **CANNOT EQUAL** Primary SSN (SEQ 010) of Form 1040, or the Secondary SSN (SEQ 030) of Form 1040.
- 188** On Form 1040/1040A, if Filing Status (SEQ 130) is equal to "3" (Married Filing Separately), the Earned Income Credit (SEQ 1180) **MUST NOT BE SIGNIFICANT**.
- 189** Form 1040 - If Total Adjustments (SEQ 740) is significant, then at least one of the following fields must be significant: SEQ 626, 637, 640, 645, 650, 680, 697, 730, or 735.
- 190** Reserved
- 191** On Form 1040, The **SUM OF** Credit for Child and Dependent Care (SEQ 925), Credit for Elderly or Disabled (SEQ 930), Foreign Tax Credit (SEQ 990) Adoption Credit (SEQ 935), **AND** Other Credits (SEQ 1015) must equal Total Credits (SEQ 1020).  
On Form 1040A, the sum of Credit for Child & Dependent Care (SEQ 925), Credit for Elderly or Disabled (SEQ 930) and Adoption Credit (SEQ 935) must equal Total Credits (SEQ 1020).

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 192** At least one of the following fields must be present on  
**Form 1040/1040A:** Total Income (SEQ 600); Adjusted Gross Income (SEQ 750); AGI Repeated (SEQ 770); Tax (SEQ 915); Total Credits (SEQ 1020); Total Tax (SEQ 1130); **or** Total Payments (SEQ 1250).  
**Form 1040EZ:** Adjusted Gross Income (SEQ 750); Taxable Income (SEQ 820); Withholding (SEQ 1160); Total Tax (SEQ 1256); Refund (SEQ 1270); **or** Amount Owed (SEQ 1290).
- 193** For Form 8829, Max Number of Hours must not exceed Max Number of available Hours (SEQ 065) [24 x number of days in the year].
- 194** On Form 1040EZ, when Taxable Interest (SEQ 380) is not significant, Wages, Salaries, Tips (SEQ 375) **PLUS** Unemployment Compensations (SEQ 552) must equal Adjusted Gross Income (SEQ 750).
- 195** On Schedule SE, when Self Employment Tax (SEQ 160) is significant, Deduction for one-half of Self Employment Tax (SEQ 165) must be significant and vice versa.
- 196** When Social Security and Medicare Tax on Tips (SEQ 1080) is significant, Form 4137 must be present.  
When F1040 Social Security Medicare Tax on Tips (SEQ 200) of Form 4137 is present, there must be an entry in Social Security and Medicare Tax on Tips (SEQ 1080) on Form 1040.
- 197** On Schedule A, when Other Expense Amount (SEQ 485) is significant, Total Other Expenses Limit (SEQ 495) must be significant.
- 198** Form 1040/1040A - The total of Withholding (SEQ 1160), ES Payments (SEQ 1170), Earned Income Credit (SEQ 1180), Form 4868 Amount (SEQ 1190) of Form 1040 [**or** F4868 Amount (SEQ 1190) of Form 1040A], Excess SS Tax (SEQ 1200) **AND** Other Payments (SEQ 1210) must equal Total Payments (SEQ 1250).
- 199** Reserved
- 200** If Earned Income Credit (SEQ 1180) of Form 1040 or Form 1040A is greater than \$332, then Schedule EIC must be present.
- 201** If there is an entry in any one of the following fields:  
Qualifying Child Name Control -1 or -2 (SEQ 007, 077);  
Qualifying Child First Name -1 or -2 (SEQ 010, 080);  
Qualifying Child Last Name -1 or -2 (SEQ 011, 081);  
Year of Birth -1 or -2 (SEQ 020, 090);  
Qualifying SSN -1 or -2 (SEQ 050, 120);  
Relationship -1 or -2 (SEQs 060, 130);  
Number of Months -1 or -2 (SEQs 070, 140);  
**THEN** the corresponding fields for each occurrence must contain an entry.  
Each Qualifying Child Name Control (SEQ 007 or 077) must be in the correct format. (See Publication 1346, Part I, Attachment 8 for name control formats.)
- 202** Year of Birth -1 (SEQ 020) and Year of Birth -2 (SEQ 090) of Schedule EIC must not be greater than current tax year.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 203** On Schedule EIC, Relationship (SEQ 060, 130) must equal one of the following literals: "CHILD", "SON", "DAUGHTER", "GRANDCHILD", "FOSTERCHILD".
- 204** Earned Income Credit (SEQ 1180) of Form 1040/1040A is significant, no Schedule EIC is attached but the year of birth for the primary taxpayer and/or the secondary taxpayer is not in the valid range to claim EIC. The year of birth for the primary taxpayer or the secondary taxpayer is not in the valid range to claim EIC and Earned Income Credit (SEQ 1180) of Form 1040EZ is significant.
- 205** On Schedule EIC, the Qualifying SSN (SEQ 0050, 0120) must be numeric and within the valid range of SSNs. **ATINs/ITINs are not valid for claiming Earned Income Credit.** (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 206** On Schedule EIC, if Year of Birth (SEQ 020, 090) Line 1(b) 1 or 2 is greater than "1973" **AND** less than "1979", then the corresponding Student Box (SEQ 030, 100), must equal "X", or the corresponding Disabled Box 1 or 2, (SEQ 040, 110) must equal "X".
- 207** On Schedule EIC, if Year of Birth (SEQ 020, 090) is not equal to "1997", then If Relationship (SEQ 060, 130) **EQUALS** one of the following literals, "CHILD", "SON", "DAUGHTER", "GRANDCHILD", then Number of Months (SEQ 070), must be equal to or greater than "07"
- OR**
- If Relationship (SEQ 060 130) is **NOT EQUAL TO** one of the above literals, then Number of Months (SEQs 070,140) must be "12".
- 208** For Schedule H, Cash Wages Over \$1,000 Paid Yearly - Yes (SEQ 040) and Cash Wages Over \$1,000 Paid Yearly - No (SEQ 045) cannot both equal "X" and both cannot equal blanks.
- 209** For the Schedule H (1), Employer SSN (SEQ 020) must equal either the Primary SSN Form 1040/1040A (SEQ 010) or Secondary SSN Form 1040/1040A (SEQ 030).
- 210** Employer SSN (SEQ 020) of Schedule H (2) must equal Secondary SSN (SEQ 030) of Form 1040 or Form 1040A and must not equal Employer SSN (SEQ 020) of the first Schedule H.
- 211** EIN (SEQ 030) of Schedule H (1) or (2) must not equal Primary SSN (SEQ 010) or Secondary SSN (SEQ 030) of Form 1040/1040A.
- 212** Name of State Where Unemployment Contributions Paid of Schedule H (SEQ 200) is not alpha and is not equal to a Standard Postal State Abbreviation.
- 213** Employer SSN (SEQ 020) of Schedule H or Employer Identification Number (SEQ 030) of Schedule H must be numeric, cannot be all blanks, nor all zeros.
- 214** When Schedule H (2) is present, the Employer Identification Number (SEQ 030) of Schedule H (1) must not equal the Employer Identification Number of Schedule H (2).

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 215** Federal Income Tax Withheld - Yes of Schedule H (SEQ 050) and Federal Income Tax Withheld - No of Schedule H (SEQ 055) cannot both equal "X".  
Cash Wage Over \$1,000 Paid Quarterly - No of Schedule H (SEQ 060) and Cash Wage Over \$1,000 Paid Quarterly - Yes of Schedule H (SEQ 065) cannot both equal "X".  
Cash Wages Over \$1,000 Paid Quarterly - No of Schedule H (SEQ 150), and Cash Wages Over \$1,000 Paid Quarterly - Yes of Schedule H (SEQ 155) cannot both equal "X".
- 216** On Schedule EIC, qualifying SSN-1 (SEQ 050) must not equal Qualifying SSN-2 (SEQ 120) **AND** neither Qualifying SSN may equal Primary SSN (SEQ 010) or Spouse SSN (SEQ 030) of Form 1040.
- 217** On Schedule EIC, if Year of Birth 1 or 2 (SEQ 020, 090) is less than "1974" then the corresponding Disabled Box 1 or 2 (SEQ 040, 110) must equal "X".
- 218** On Schedule EIC, if Year of Birth 1 or 2 (SEQ 020, 090) equals current tax year, then the corresponding Number of Months 1 or 2 (SEQ 070, 140) must equal "12".
- 219** When Cash Wage Over \$1,000 Paid Yearly - No of Schedule H (SEQ 045) is equal to "X" and Federal Income Tax Withheld - No of Schedule H (SEQ 055) is equal to "X" and Cash Wage Over \$1,000 -Yes of Schedule H is equal to "X", then Page 2 of Schedule H must be present.
- 220** When Cash Wage Over \$1,000 Paid Yearly - No of Schedule H (SEQ 045) equals "X" and Federal Income Tax Withheld - No of Schedule H (SEQ 055) equals "X" and Cash Wage Over \$1,000 Paid Yearly - No (SEQ 060) equals "X", Schedule H **CANNOT** be filed.
- 221** Advanced Earned Income (SEQ 1105) **MUST** equal the sum of all Advanced EIC Payment (SEQ 200) of Form W-2.
- 222** On Schedule EIC, when there is a single qualifying child, the Earned Income Credit (SEQ 1180) of Form 1040/1040A must not exceed \$2,210 and the Adjusted Gross Income (SEQ 750) must be less than \$25,760.  
When there are two (2) qualifying children, the Earned Income Credit (SEQ 1180) must not exceed \$3,656 and the Adjusted Gross Income (SEQ 750) must be less than \$29,290.
- 223** When Federal Income Tax Withheld - Yes of Schedule H (SEQ 050) equals "X", Federal Income Tax Withheld of Schedule H (SEQ 110) must be significant.
- 224** Cash Wage Over \$1,000 Paid Quarterly - No of Schedule H (SEQ 060) and Cash Wage Over \$1,000 Paid Quarterly - Yes of Schedule H (SEQ 065) must be blank when Cash Wage Over \$1,000 Paid Yearly - No of Schedule H (SEQ 045) equals "X" or Federal Income Tax Withheld - Yes of Schedule H (SEQ 050) equals "X".

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 225** When Cash Wage Over \$1,000 Paid Yearly - Yes of Schedule H (SEQ 040) equals "X", Social Security Wages of Schedule H (SEQ 070) and Medicare Wages of Schedule H (SEQ 090) must be equal to or greater than \$1,000.
- 226** When Cash Wage Over \$1,000 Paid Yearly - Yes of Schedule H (SEQ 040) equals "X", Federal Income Tax Withheld - Yes of Schedule H (SEQ 050) **AND** Federal Income Tax Withheld - No of Schedule H (SEQ 055) **AND** Cash Wage Over \$1,000 Paid Quarterly - No of Schedule H (SEQ 060) **AND** Cash Wage Over \$1,000 Paid Quarterly - Yes of Schedule H (SEQ 065) must be blank.
- 227** When Schedule H page 2 is present, Cash Wages Over \$1,000 Paid Quarterly - No of Schedule H (SEQ 150) cannot equal "X".  
When Schedule H page 2 is not present, Cash Wages Over \$1,000 Paid Quarterly - Yes of Schedule H (SEQ 155) cannot equal "X".
- 228** Social Security Wages of Schedule H (SEQ 070) cannot be greater than Medicare Wages of Schedule H (SEQ 090).
- 229** When Schedule H page 2 is present, and Total Taxes Less Advance EIC Payments of Schedule H (SEQ 140) and Total Taxes of Schedule H (SEQ 520) are significant, then Total Taxes Less Advance EIC Payments (SEQ 140) must equal Total Taxes (SEQ 520) from line 8.
- 230** Form 1116 - When only one Form 1116 is present, Tentative Foreign Tax Credit (SEQ 1180) must equal Gross Foreign Tax Credit (SEQ 1090), and the following fields must be blank: Alt. Min. Tax Literal (SEQ 010), (SEQ 1100, 1110, 1120, 1130 1140, 1150, 1160, and 1170. (See Appendix in this publication.)
- 231** Form 1116 - When more than one (1) Form 1116 is present, only the first occurrence of Form 1116 may have significant data in the following fields: SEQ 1100, 1110, 1120, 1130, 1140, 1150, 1160, and 1170. (See Appendix in this publication.) **EXCEPTION:** If there is more than one Form 1116 with Alt. Min Tax Literal (SEQ 010), then the first occurrence of Form 1116 with Alt. Min Tax Literal equal to "ALT MIN TAX" may also have significant data in the following fields: SEQ 1100,1110,1120, 1130, 1140, 1150, 1160, and 1170.
- 232** Form 1116 - On each Form 1116, Only one of the following fields can equal "X": SEQ 020, 030, 040, 050, 060, 070, 080, or 090. (See Appendix in this publication.)  
When more than one Form 1116 is present, the same box (SEQ 020 through 090) may not equal "X" on more than one Form 1116.  
**EXCEPTION:** The same box (SEQ 020 through 090) may equal "X" on two Forms 1116 if Alt. Min. Tax Literal (SEQ 010) is significant on one of the two Forms 1116.
- 233** When Foreign Tax Credit (SEQ 990) of Form 1040 is significant, Form 1116 must be present.
- 234** Reserved

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 235** When Schedule H page 2 is present, Total Taxable Wages for FUTA of Schedule H (SEQ 0230) must be significant.
- 236** Household Employment Taxes of (SEQ 1107) of ELF TAX FORM must equal Total Taxes Less Advance EIC Payments of Schedule H (SEQ 0140) **PLUS** FUTA Tax of Schedule H (SEQ 0240) for both occurrences of Schedule H, if present.
- 237-239** Reserved
- 240** Total Expenses (SEQ 700) may not be greater than \$2,500 **AND** Net Profit may not be negative.
- 241** For Schedule C-EZ, either Gross Receipts/Sales (SEQ 200), Total Expenses (SEQ 700) or Net Profit (SEQ 710) must be significant.
- 242** For Schedule C-EZ, the Employer ID Number (SEQ 060) must not equal the Primary SSN (SEQ 010) or the Secondary SSN (SEQ 030) of Form 1040.
- 243** On Form 1040, when a Schedule A is not present and if Must Itemize Indicator (SEQ 786) is equal to "X", Total Itemized or Standard Deduction (SEQ 789) must equal zeros.  
On Form 1040A, if Must Itemize Indicator (SEQ 786) equals "X", Total Itemized or Standard Deduction (SEQ 789) must equal zeros.
- 244** Reserved
- 245** Form 1040 - When Form 8396 Block (SEQ 1004) equals "X", Form 8396 must be present. When Other Credits (SEQ 1015) of Form 1040 is significant, then Mortgage Interest Credit (SEQ 170) of Form 8396 must be significant and vice versa.
- 246** Form 6251 - When Amount from Schedule D Line 27 (SEQ 370) is significant, Subtract Line 26 from Line 22 (SEQ 1930) of Schedule D must be significant.
- 247** Form 6251 - When Unrecaptured Section 1250 Gain (SEQ 380) is significant, Unrecaptured Section 1250 Gain (SEQ 1909) of Schedule D must be significant.
- 248** Form 6251 - When Amount from Schedule D Line 22 (SEQ 400) is significant, Subtract Line 21 from 20 (SEQ 1880) of Schedule D must be significant.
- 249** Form 6251 - When Amount from Schedule D Line 36 (SEQ 480) is significant, it must equal Subtract Line 35 from Line 34 (SEQ 2025) of Schedule D.
- 250** Schedule D - When Investment Capital Gain (SEQ 1870) is significant, Form 4952 must be present and Investment Capital Gain (SEQ 036) of Form 4952 must equal Investment Capital Gain (SEQ 1870) of Schedule D.
- 251** Taxable Income (SEQ 820) of Form 1040/1040A must equal Child Taxable Income (SEQ 100) of Form 8615.
- 252** Tax (SEQ 915) of Form 1040 or Tax (SEQ 860) of Form 1040A must equal Form 8615 Tax (SEQ 290) of Form 8615.



## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 253** Form 8615 - Parent Filing Status (SEQ 060) of Form 8615 must equal "1", "2", "3", "4", or "5".
- 254** Reserved
- 255** On Form 8615, Gross Unearned Income (SEQ 070) must be greater than \$1,300.
- 256** Child Name (SEQ 010) of Form 8615 **MUST** match Name Line 1 (SEQ 060) of Form 1040/Form 1040A.
- 257** Form 8615 - Parent Name (SEQ 040) and Parent SSN (SEQ 050) must be present.
- 258** Form 8615 - Child SSN (SEQ 020) must be significant and in the valid range for SSN/ITIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 259** Reserved
- 260** When Form 8814 is present, Form 8814 Amount (SEQ 857) of Form 1040 must be significant and Form 8814 Block (SEQ 853) of Form 1040 must equal "X". When Form 8814 Block (SEQ 853) is equal to "X", Form 8814 must be present and Form 8814 Amount (SEQ 857) of Form 1040 must be significant.
- 261** When more than one (1) Form 8814 is present, Multiple F8814 Indicator (SEQ 030) must be significant; **OR**  
If Multiple F8814 Indicator (SEQ 030) is **NOT** significant, Form 8814 Tax (SEQ 220) **MUST** equal Form 8814 Amount (SEQ 857) of Form 1040; **OR**  
If the Multiple F8814 Indicator (SEQ 030) is significant, the **TOTAL** of all Form 8814 Tax Amount (SEQ 220) **MUST** equal Form 8814 Amount (SEQ 857) of Form 1040.
- 262** On Form 8814, Child Taxable Unearned Income (SEQ 170) must be greater than \$650 and less than \$6,500.
- 263** When Form 1040 Other Income (SEQ 200) of Form 8814, is significant, Total Other Income (SEQ 590) of Form 1040 must be significant **AND** Type of Other Income (SEQ 560) of Form 1040 must equal "FORM 8814".
- 264** Form 8814 - When Tax Exempt Literal (SEQ 040) is significant, Tax Exempt Amount (SEQ 050) must be significant.  
When Nominee Dist Literal (SEQ 060) is significant, Nominee Dist Amount 1 (SEQ 070) must be significant.  
When Non Taxable Literal (SEQ 080) is significant, Non Taxable Amount (SEQ 090) must be significant.
- 265** When Nominee Dist. Literal 2 (SEQ 120) is present, Nominee Dist. Amount 2 (SEQ 130) of Form 8814 **MUST** also be present.
- 266** Form 8814 - Child Name (SEQ 010) must be present, Child SSN (SEQ 020) must be present, and within the valid range for SSN/ITIN/ATIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 267** On Form 8814, Tax Amount Basis (SEQ 210) must be numeric, equal to or greater than zero **AND** [when Tax Amount Basis (SEQ 210) is greater than zero, Form 8814 Tax (SEQ 220) must be significant **OR** when Tax Amount Basis (SEQ 210) is equal to or greater than \$650, Form 8814 Tax (SEQ 220) must equal \$98].
- 268-269** Reserved
- 270** When Form 4972 Block (SEQ 880) of Form 1040 is significant Form 4972 must be present.
- 271** None of the following may be significant on Form 4972:  
Distribution of Qualified Plan No Box (SEQ 026);  
Rollover Yes Box (SEQ 030);  
Prior Year Distribution Yes Box (SEQ 190); or  
Beneficiary Distribution Yes Box (SEQ 201).  
All of the following must be significant on Form 4972:  
Distribution of Qualified Plan Yes Box (SEQ 024);  
Rollover No Box (SEQ 040); and  
Prior Year Distribution No Box (SEQ 200).
- 272** On Form 4972, both Beneficiary of Qualifying Participant No Box (SEQ 044) and Qualifying Age-Five Year Member No Box (SEQ 086) cannot be significant.
- 273-274** Reserved
- 275** On Form 4972, one of the following **MUST** be significant:  
Capital Gain Election (SEQ 220);  
5 Year Method Average Tax (SEQ 450);  
10 Year Method Average Tax (SEQ 690); or  
Ordinary Income (SEQ 240).
- 276** Recipient SSN (SEQ 020) from the second Form 4972 may not be equal to the Recipient SSN (SEQ 020) of the first Form 4972.
- 277** When Other Tax Literal (SEQ 1110) of Form 1040 is equal to "ADT" Form 4970 must be present.  
When Form 4970 is present, Other Tax Literal (SEQ 1110) of Form 1040 must equal "ADT".
- 278** Accumulation Dist. Attributable Tax (SEQ 670) of Form 4970 must be significant.
- 279** On Form 4972, one of the following must be significant:  
[Beneficiary of Qual Participant Yes Box (SEQ 042) or Beneficiary of Qual Participant No Box (SEQ 044)]; **OR**  
[Qualifying Age Five Year Member Yes Box (SEQ 084) or Qualifying Age Five Year Member No Box (SEQ 086)].
- 280** When Excludable Savings Bond Interest (SEQ 289) of Schedule B or Schedule 1 is significant, Form 8815 **MUST** be present, **AND** Excludable Savings Bond Interest (SEQ 290) must equal the corresponding field (SEQ 289) on Schedule B/Schedule 1.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 281** If Filing Status is equal to Married Filing Separately, Form 8815 **CANNOT** be filed.
- 282** Taxable Expenses (SEQ 190) must **NOT EQUAL** zero.
- 283** If the Filing Status is "2" (Married Filing Jointly) or "5" (Qualifying Widow(er)), the Modified AGI (SEQ 240) of Form 8815 must be less than \$106,250. If Filing Status is "1" (Single) or "4" (Head of Household), Modified AGI (SEQ 240) must be less than \$65,850.
- 284** Form 2119 - When Date Residence Sold (SEQ 010) is after May 6, 1997, and Gain on Sale (SEQ 200) is greater than zero, and Exclusion Amount (SEQ 234) and Gain Taxable This Year (SEQ 280) are not significant, then Form 2119 Page 2 must be present.
- 285** Schedule D - If Tax (SEQ 2236) is significant, then Tax (SEQ 915) of Form 1040 must be equal to or greater than Tax (SEQ 2236) on Schedule D.
- 286** Schedule E - If Non Passive Activity Literal (SEQ 1130) is present, then Non Passive Activity Amount (SEQ 1140) must be present and vice versa.
- 287** Form 1040 - When F8828 Literal (SEQ 1123) equals "FMSR", Form 8828 must be present. If F8828 Amount (SEQ 1124) of Form 1040 is significant, Recapture Tax Due (SEQ 280) of Form 8828 must be significant and vice versa.
- 288** Form 8828 - Original Loan Closing Date (SEQ 100) **CANNOT** be before January 1, 1991.
- 289** If Advanced Earn Income Credit is present on Form W-2 (SEQ 200), taxpayer must not file Form 1040EZ.
- 290** Form W-2 - Employer State (SEQ 073) and Employer Zip Code (SEQ 075) must be significant and valid. Employer Zip Code (SEQ 075) must be consistent with the Employer State (SEQ 073). **Exception: This check is not performed when Employer State (SEQ 073) contains a period (.), indicating a foreign address.** Refer to Publication 1346, Section 5.03 for foreign address instructions.
- 291** The Employer City (SEQ 070) of Form W-2 **MUST CONTAIN AT LEAST THREE (3) POSITIONS.**
- 292-294** Reserved
- 295** For each Form W-2, neither the Withholding (SEQ 130) nor the Social Security Tax (SEQ 150) may be greater than one-half (50%) of Wages (SEQ 120). **Exception: This check is bypassed when Combat Pay has been excluded from Wages.**  
For each Form W-2G, the Withholding (SEQ 050) may not be greater than one-half (50%) of the Gross Winnings (SEQ 040).  
For each Form 1099R, the Withholding (SEQ 160) may not be greater than one-half (50%) of the Gross Distribution (SEQ 110).

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 296** Form 2441/Schedule 2 - When any field in the Qualifying Person group is present (SEQs 110, 115, 120, 214 or SEQs 217, 218, 221, 223), each field in the corresponding group must be present.
- 297** Reserved
- 298** On Form 2441/Schedule 2, Qualifying Person SSN -1, -2 (SEQ 214, 223) must be within the valid ranges of SSN/ITIN/ATIN. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 299** The RAL Indicator (SEQ 1465) of Form 1040/1040A/1040EZ must be present and equal to "Y" or "N".
- 300-302** Reserved
- 303** Amount Owed (SEQ 1290) is greater than zeros, then Total Tax (SEQ 1256) must be greater than Total Payments (SEQ 1250) (Form 1040EZ only).
- 304-349** Reserved for Electronically Transmitted Documents (ETD). See section 5 of this publication.
- 350-399** Reserved
- 400** A Generic State Record must be present in the state data packet.  
An unformatted record was present without the generic record, or the unformatted record preceded the generic record. A generic record must be present in the state data packet.
- 401** The State Code of the Header Section (SEQ 010) must be valid for the processing service center.  
The State code must be consistent between generic and associated unformatted records for the return.
- 402** All required entry fields of the Entity Section of the State Generic Record (SEQ 060, 075, 085, 095, 100) must be present.
- 403** Any entry in the Consistency Fields section that is present must equal the corresponding Form 1040 entry.
- 404** The DCN (SEQ 020) on the Generic State Record must equal the DCN on Form 1040.  
The DCN (SEQ 020) on the Generic State Record must equal the DCN in the Unformatted State Record.
- 405** Each W-2 associated with a State Record must contain a valid state abbreviation in the State Name (SEQ 370, 440) if there is a significant entry in the State Income Tax (SEQ 400, 470).
- 406** The State data must be present when the DO of the EFIN is an out of Service Center EFIN.
- OR**
- Form 2555 or Form 2555EZ must be present when the DO of the EFIN is an out of service center EFIN.
- 407** The Return Sequence Number (RSN) on the Generic Record (SEQ 023) must equal the RSN on the Federal Tax Form.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 408** The Transmission Type Code (Field 15) of the TRANA Record must equal "O" (On-Line) when On-Line-State-Return (SEQ 049) of the Generic record is equal to "O" and vice versa.
- 409-419** Reserved
- 420** Form 1040 - When Form 4136 Block (SEQ 1205) is equal to "X", Other Payments (SEQ 1210) must be greater than zero and vice versa.
- 421** Form 1040 - When Other Payments (SEQ 1210) is significant, Total Payments (SEQ 1250) must be significant.
- 422** Form 4136 - When any of the "amount of credit" fields is greater than zero, then at least one of the associated "gallons" fields must be significant. For example:
- When Nontaxable Use of Gasoline Credit Amount (SEQ 050) is greater than zero, at least one of the following must be significant: SEQ 010, 020, or 040.
- When Nontaxable Use of Gasohol Credit Amount (SEQ 120) is greater than zero, at least one of the following must be significant: SEQ 070, 090 or 110.
- When Nontaxable Use of Undyed Diesel Fuel Credit Amount (SEQ 200) is greater than zero, then at least one of the following must be significant: SEQ 150, 160 or 180.
- When Nontaxable Use of Special Fuels Credit Amount (SEQ 260) is greater than zero, then at least one of the following must be significant: SEQ 220, 226, 230, or 250.
- When Nontaxable Use of Aviation Gasoline Tax Credit Amt (SEQ 310) greater than zero, then at least one of the following must be significant: SEQ 280 or 300.
- When Nontaxable Use of Aviation Fuel Tax Credit Amount (SEQ 350) is greater than zero, then at least one of the following must be significant: SEQ 320 or 340.
- When Gasohol Blenders Tax Credit Amount (SEQ 390) is greater than zero, then at least one of the following must be significant: SEQ 360, 370 or 380.
- When Undyed Diesel Fuel Credit Amount (SEQ 440) is greater than zero, then at least one of the following must be significant: (SEQ 420 or 430).

**(See Appendix in this publication.)**

- 423** Form 4136 - When Diesel Fuel Box (SEQ 140) equal "X", Diesel Fuel Explanation (SEQ 130) must equal "STMbnn".
- 424** Form 4136 - When Undyed Diesel Fuel Box (SEQ 410) equal "X", Undyed Fuel Explanation (SEQ 400) must equal "STMbnn".

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 425** Form 4136 - When Total Income Credit Amount (SEQ 450) is significant, then at least one of the "credit amounts" (SEQ 050, 120, 200, 260, 310, 350, 390, 440) must be significant.
- 426** Form 4136 - When Total Income Credit Amount (SEQ 450) is significant, then Other Payments (SEQ 1210) of Form 1040 must equal Total Income Credit Amount (SEQ 450) of Form 4136 and vice versa.
- 427** Form 4136 - When any of the "gallons" fields is greater than zero, then the associated "type of use" and rate fields must be significant. When "type of use" contains a statement reference, "gallons", "type of use" and "rate" must be present on the statement record. For example:
- When Other Nontaxable Use Gallons (SEQ 040) is greater than zero, then Other Nontaxable Use Type (SEQ 030) and Other Nontaxable Use Rate (SEQ 035) must be significant.
- When Gasohol 10% Alcohol Gallons (SEQ 070) is greater than zero, then Gasohol 10% Alcohol Type (SEQ 060) and Gasohol 10% Alcohol Rate (SEQ 065) must be significant.
- When Gasohol 7.7% Alcohol Gallons (SEQ 090) is greater than zero, then Gasohol 7.7% Alcohol Type (SEQ 080) and Gasohol 7.7% Alcohol Rate (SEQ 085) must be significant.
- When Gasohol 5.7% Alcohol Gallons (SEQ 110) is greater than zero, then Gasohol 5.7% Alcohol Type (SEQ 100) and Gasohol 5.7% Rate (SEQ 105) must be significant.
- When Diesel Other Nontaxable Gallons (SEQ 180) is greater than zero, then Diesel Other Nontaxable Type (SEQ 170) and Diesel Other Nontaxable Rate (SEQ 175) must be significant.
- When Special Motor Fuels Gallons (SEQ 220) is greater than zero, then Special Motor Fuels Type (SEQ 210) and Special Motor Fuels Rate (SEQ 215) must be significant.
- When Liquefied Petroleum Gas Gallons (SEQ 226) is greater than zero, then Liquefied Petroleum Gas (LPG) Type (SEQ 222) and Liquefied Petroleum Gas Rate (SEQ 224) must be significant.
- When Compressed Natural Gas Gallons (SEQ 250) is greater than zero, then Compressed Natural Gas Type (SEQ 240) and Compressed Natural Gas Rate (SEQ 245) must be significant.
- When Other Nontaxable Use of Aviation Gasoline Gallons (SEQ 300) is greater than zero, then Other Nontaxable Use of Aviation Gasoline Type (SEQ 290) and Other Nontaxable Use of Aviation Gasoline Rate (SEQ 295) must be significant.
- When Other Nontaxable Use of Aviation Fuel Gallons (SEQ 340) is greater than zero, then Other Nontaxable Use of Aviation Fuel Type (SEQ 330) and Other Nontaxable Use of Aviation Fuel Rate (SEQ 335) must be significant.
- 428** Form 4136 - When any of the "gallons" fields is greater than zero, then the associated "rate" field must be significant. For example:

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

When Off-Highway Business Gallons (SEQ 010) is greater than zero, then Off-Highway Business Rate (SEQ 005) must be significant.

When Use on Farm For Farming Purpose Gallons (SEQ 020) is greater than zero, then Use on Farm for Farming Purpose Rate (SEQ 015) must be significant.

When Diesel Heating Oil Gallons (SEQ 150) is greater than zero, then Diesel Heating Oil Rate (SEQ 145) must be significant.

When Diesel Off-Highway Business Use Gallons (SEQ 160) is greater than zero, then Diesel Off-Highway Business Use Rate (SEQ 155) must be significant.

When Intercity or Local Buses Gallons (SEQ 230) is greater than zero, then Special Intercity or Local Buses Rate (SEQ 228) must be significant.

When Commercial Aviation Gasoline Gallons (SEQ 280) is greater than zero, then Commercial Aviation Gasoline Rate (SEQ 275) must be significant.

When Commercial Aviation Fuel Gallons (SEQ 320) is greater than zero, then Commercial Aviation Fuel Rate (SEQ 315) must be significant.

When Gasohol Blenders 10% Alcohol Gallons (SEQ 360) is greater than zero, then Gasohol Blenders 10% Alcohol Rate (SEQ 355) must be significant.

When Gasohol Blenders 7.7% Alcohol Gallons (SEQ 370) is greater than zero, then Gasohol Blenders 7.7% Alcohol Rate (SEQ 365) must be significant.

When Gasohol Blenders 5.7% Alcohol Gallons (SEQ 380) is greater than zero, then Gasohol Blenders 5.7% Alcohol Rate (SEQ 375) must be significant.

When Undyed Diesel-powered Trains Gallons (SEQ 420) is greater than zero, then Undyed Diesel-powered Trains Rate (SEQ 415) must be significant.

When Undyed Intercity & Local Buses Gallons (SEQ 430) is greater than zero, then Undyed Intercity & Local Buses Rate (SEQ 425) must be significant.

**429-451**

Reserved

**452**

Form 2555/2555EZ - when only one Form 2555/2555EZ is present, the taxpayer SSN (SEQ 007) must match either the Primary SSN (SEQ 010) or the Secondary SSN (SEQ 030) of Form 1040.

When two Forms 2555/2555EZ are present, the Taxpayer SSN (SEQ 007) of the first Form 2555/2555EZ must match the Primary SSN (SEQ 010) of Form 1040 and the Taxpayer SSN (SEQ 007) of the second Form 2555/2555EZ must match the Secondary SSN (SEQ 030) of Form 1040. Either one Form 2555 or one Form 2555EZ can be present for the Primary SSN (SEQ 010) and the Secondary SSN (SEQ 030) of Form 1040 but not both.

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 453** Form 2555EZ cannot be filed when Total Foreign Earned Income (SEQ 1210) of Form 2555EZ exceeds \$70,000.
- 454** Earned Income Credit (SEQ 1180) of Form 1040 cannot be significant if Form 2555 or Form 2555EZ is present.
- 455** For Form 2555, Foreign Earned Income Exclusion (SEQ 1220) must not exceed Foreign Earned Income (SEQ 1050).  
Foreign Earned Income (SEQ 1050) must equal Foreign Earned Income Repeated (SEQ 1070).  
For Form 2555EZ, Max. Of Foreign Earned Income Exclusion (SEQ 1260) must not exceed Total Foreign Earned Income (SEQ 1210).
- 456** When Housing/Foreign Earned Income Exclusion Literal (SEQ 574) of Form 1040, is equal to "FORM 2555", Form 2555 must be present.  
When Housing/Foreign Earned Income Exclusion Literal (SEQ 574) of Form 1040, is equal to "FORM 2555-EZ", Form 2555EZ must be present.
- 457** For Form 2555/2555EZ, the total of Max. Housing and Foreign Earned Inc. Exclusions (SEQ 1260) from all Forms 2555 and 2555EZ must equal Housing/Foreign Earned Income Exclusion Amount (SEQ 577) of Form 1040.
- 458** When Other Adjustments Literal (SEQ 720) of Form 1040 is equal to "FORM 2555", Form 2555 must be present.
- 459** When Other Adjustments Literal (SEQ 720) of Form 1040 is equal to "FORM 2555", the total of Total Housing Deduction (SEQ 1310) from all Forms 2555 present must equal Other Adjustment Amount (SEQ 730) of Form 1040.
- 460** On Form 2555, when the taxpayer is qualifying under Bona Fide Residence: When Date Bona Fide Residence Ended (SEQ 225) is equal to 1231 of the current tax year **OR** is equal to "CONTINUE", then Date Bona Fide Residence Began (SEQ 220) must be equal to 0101 of the current tax year **OR** must be prior to the current tax year.

**OR**

When Date Bona Fide Residence Ended (SEQ 225) is prior to 1231 of the current tax year (e.g., 10311997), then Date Bona Fide Residence Began (SEQ 220) must be equal to 0101 of the **PREVIOUS** tax year or earlier than the previous tax year (i.e., 01011996).

On Form 2555, when the taxpayer is qualifying under Physical Presence: The difference, in number of days, between Physical Presence Test From (SEQ 530) and Physical Presence Test Through (SEQ 540) minus the total of Number of Days in US on Business -1 through -4 (SEQ 610, 670, 730, 790) must be at least 330 days.

On Form 2555EZ, when the taxpayer is qualifying under Bona Fide Residence: When Date Bona Fide Residence Ended (SEQ 040) is equal to 1231 of the current tax year **OR** is equal to "continue", then Date Bona Fide Residence Began (SEQ 030) must be equal to 0101 of the current tax year **OR** must be prior to the current tax year.

**OR**



## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

When Date Bona Fide Residence Ended (SEQ 040) is prior to 1231 of the current tax year (e.g., 10311997), then Date Bona Fide Residence Began (SEQ 030) must be equal to 0101 of the **PREVIOUS** tax year or earlier than the previous tax year (i.e., 01011996).

On Form 2555EZ, when the taxpayer is qualifying under Physical Presence: The difference, in number of days, between Physical Presence Test From (SEQ 070) and Physical Presence Test Through (SEQ 080) MINUS the total of Number of Days in US on Business -1 through -9 (SEQ 310, 350, 390, 430, 470, 510, 550, 590, 630) must be at least 330 days.

- 461** On Form 2555, both Statement to Authorities - Yes (SEQ 300) and Required to Pay Income Tax - No (SEQ 0330) cannot be significant.
- 462** On Form 2555, When No Travel Statement (SEQ 560) is significant, Country Name (SEQ 570) **AND** Arrival Date (SEQ 580) **AND** Departure Date (SEQ 590) **AND** Full Days in Country (SEQ 600) **AND** Number of Days in US on Business (SEQ 610) **AND** Income Earned in the US on Business (SEQ 620) must **NOT** be significant.
- 463** Foreign Address (SEQ 010) on Form 2555 must be significant **AND** Post of Duty (SEQ 015) on Form 2555 must be significant and a valid Post of Duty code. (See section 6 of this publication.)  
Foreign Address (SEQ 110) on Form 2555EZ must be significant **AND** Post of Duty (SEQ 115) on Form 2555EZ must be significant and a valid Post of Duty code. (See section 6 of this publication.)
- 464** On Form 2555, when Separate Foreign Residence - Yes (SEQ 170) is significant, Yes - City & Country of Foreign Residence (SEQ 190) **AND** Number of Days at That Address (SEQ 200) must be significant.
- 465** On Form 2555, Housing Exclusion (SEQ 1140) may not be greater than Employer-Provided Amounts (SEQ 1120).
- 466** On Form 2555, the total of Housing Exclusion (SEQ 1140) and Foreign Earned Income Exclusion (SEQ 1220) must equal Total Housing and Foreign Earned Income Exclusions (SEQ 1230).
- 467** On Form 2555EZ, when Bona Fide Residence - Yes (SEQ 010) is significant, both Date Bona Fide Residence Began (SEQ 030) and Date Bona Fide Residence Ended (SEQ 040) must be significant.
- 468** On Form 2555EZ, when Physically Present - Yes (SEQ 050) is significant, both Physical Presence Test From (SEQ 070) and Physical Presence Test Through (SEQ 080) must be significant.
- 469** On Form 2555EZ, Tax Home Test - Yes (SEQ 090) must be significant.
- 470** On Form 2555EZ, only **ONE** in each of the following pairs may be significant:  
Bona Fide Residence - Yes (SEQ 010) **OR** Bona Fide Residence - No (SEQ 020);  
Physically Present - Yes (SEQ 050) **OR** Physically Present - No (SEQ 060);

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- Revoked Exclusions - Yes (SEQ 220) **OR** Revoked Exclusions - No (SEQ 230).
- 471** On Form 2555, Part II or Part III must be present but not both.
- 472-479** Reserved
- 480** On Form 8839, Identifying Number -1, -2 (SEQ 080, 160) must be in the valid range of SSNs/ITINs/ATINs. (See section 3.1 of this publication for the valid range of SSN/ITIN/ATIN.)
- 481** Form 8839 - If there is an entry in any one of the following fields: Eligible Child First Name -1 or -2 (SEQ 010, 090), Eligible Child Last Name -1 or -2 (SEQ 020, 100), Eligible Child Name Control -1 or -2 (SEQ 030, 110), Year of Birth -1 or -2 (SEQ 040, 120), Identifying Number -1 or -2 (SEQ 080,160), then the corresponding fields for each occurrence must contain an entry.  
Eligible Child First Name -1 (SEQ 010), Eligible Child Last Name -1 (SEQ 020), Eligible Child Name Control -1 (SEQ 030), Year of Birth -1 (SEQ 040) and Identifying Number -1 (SEQ 080) must be significant. Each Eligible Child Name Control -1, or -2 (SEQ 030, 110) must be in the correct format. (See Publication 1346, Part I, Attachment 8 for name control formats.)
- 482** Form 8839 - Year of Birth -1 (SEQ 040) and Year of Birth -2 (SEQ 120) must not be greater than current tax year.
- 483** On Form 8839, Identifying Number Child -1 (SEQ 080) must not equal Identifying Number Child -2 (SEQ 160) **AND** neither Identifying Number Child -1 nor -2 (SEQ 080, 160) may equal Primary SSN (SEQ 010) or Secondary SSN (SEQ 030) of Form 1040/1040A.
- 484** On Form 8839, if Year of Birth -1 or -2 (SEQ 040, 120) is prior to "**1979**", then the corresponding Disabled Born Before 1979 Box -1 or -2 (SEQ 050, 130) must equal "X".
- 485** On Form 8839, Modified AGI (SEQ 240) or Modified AGI (SEQ 390) must be less than \$115,000.
- 486** If Adoption Credit (SEQ 935) on Form 1040/1040A is significant, then Form 8839 must be present.
- 487** Form 8839 - When Eligible Child First Name - 1 (SEQ 010) is significant and Special Needs Box - 1 (SEQ 060) is significant **AND** Foreign Child Box - 1 (SEQ 070) is **NOT** significant, then Allowed Tax Credit Child - 1 (SEQ 170 or SEQ 310) must be \$6000, otherwise, the maximum Allowed Tax Credit Child - 1 (SEQ 170 or SEQ 310) must be \$5000.  
Form 8839 - When Eligible Child First Name - 2 (SEQ 090) is significant and Special Needs Box - 2 (SEQ 140) is significant **AND** Foreign Child Box - 2 (SEQ 150) is **NOT** significant, then Allowed Tax Credit Child - 2 (SEQs 200 or SEQ 330) must be \$6000, otherwise, the maximum Allowed Tax Credit Child - 2 (SEQ 200 or SEQ 330) must be \$5000.
- 488-499** Reserved

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 500** The Primary-SSN (Field 5) of the Record ID for Form 1040, page 01, and the Name Control (SEQ 050) must match the corresponding data in the IRS Master File.
- 501** On Schedule EIC, the Qualifying SSN-1,-2 (SEQ 050, 120) and the Year of Birth-1, -2 (SEQ 020, 090) must match the information received from the Social Security Administration.  
On Schedule EIC, the Qualifying SSN (SEQ 050, 120) and the corresponding Name Control (SEQ 007, 077) must match information received from the Social Security Administration.
- 502** Employer Identification Number (SEQ 040) of Form W-2, Payer Identification Number (SEQ 026) of Form W-2G, and Payer Identification Number (SEQ 050) of Form 1099-R **MUST MATCH** the IRS Master File.
- 503** Secondary SSN (SEQ 030) and Name Control (SEQ 055) must match the corresponding data on the IRS Master File.
- 504** Dependent SSN (SEQ 175, 185, 195, 205, 215, 225) and the corresponding Dependent Name Control (SEQ 172, 182, 192, 202, 212, 222) must match the data on the IRS Master File.
- 505** The EIN (SEQ 040) on the Form W-2, or Payer Identification Number (SEQ 026) on Form W-2G or Payer Identification Number (SEQ 050) on Form 1099-R was issued in the current processing year.
- 506** Qualifying SSN (SEQ 050, 120) on Schedule EIC previously used for the same purpose.
- 507** Dependent SSN (SEQ 175, 185, 195, 205, 215, 225) of the tax form, previously used for the same purpose.
- 508** Primary SSN (SEQ 010) was previously used as a Secondary SSN on another return **OR** the Secondary SSN (SEQ 030) was previously used as a Primary SSN on another return.
- 509** Secondary SSN (SEQ 030) was previously used as a Dependent or EIC CHILD on a previous or current return; **OR**  
a Dependent SSN was used as a Secondary SSN on a previous or current return; **OR**  
EIC Child SSN was used as a Secondary SSN on a current or previous return.
- 510** Primary SSN (SEQ 010) was previously used as a Dependent on another return; **OR**  
Dependent SSN was used as a Primary and claimed self as an exemption on another return.
- 511** Primary SSN (SEQ 010) or Secondary SSN (SEQ 030) previously used on another return with the Filing Status (130) other than "3".
- 512** Reserved
- 513** The Secondary SSN (SEQ 030) has been used as a Secondary SSN (SEQ 030) more than once.
- 514-517** Reserved

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 518** The EIN (SEQ 040) on Form W-2, Payer Identification Number(SEQ 026) on Form W-2G or Payer Identification Number (SEQ 050) on Form 1099R has an operational date that is equal to the current processing year. The operational date must be prior to the current processing year.
- 519** Reserved
- 520** The Employer Name Control (SEQ 015) and Employer ID Number (SEQ 030) of Schedule H must match the IRS Master File.
- 521** The Date of Birth for Primary SSN (SEQ 010), Secondary SSN (SEQ 030) Dependent's SSN-1, -2, -3, -4 (SEQ 175, 185 195, 205, 215, 225), Qualifying SSN-1, -2 (SEQ 050, 120) cannot be for current processing year.
- 522** The Primary Date of Birth (Field 33) in the Summary Record of an On-Line return, does not match the IRS Master File.
- 523** The Spouse Date of Birth (Field 34) in the Summary Record of an On-Line return, does not match the IRS Master File.
- 524** Form 2441/Schedule 2 - Qualifying Person Name Control-1, -2 (SEQ 120, 221) **AND** Qualifying Person SSN-1, -2 (SEQ 214, 223), do **NOT** match the IRS Master File.
- 525** Form 8839 - Eligible Child Name Control -1, -2 (SEQ 030,110) **AND** Identifying Number Child -1, -2 (SEQ 080, 160) do not match the IRS Master File.
- 526** SSN/ATIN/ITIN on Form 2441/Schedule 2, Child and Dependent Care Expenses previously used for same purpose.
- 527** SSN/ATIN/ITIN on Form 8839, Qualified Adoption Expenses previously used for same purpose.
- 528-804** Reserved
- 805** The TRANB record must be present.
- 806** The processing site must be a valid ELF site: ANSC, AUSC, CSC, MSC or OSC.
- 807-821** Reserved
- 822** Duplicate Transmission: The Transmission Sequence number of the TRANA matches a previously accepted transmission.
- 823** If there is any unrecognizable or inconsistent control data, the transmission will be rejected.
- 824** The EFIN of the transmitter must be present.
- 825** The data records of the transmission must be in the following sequence: TRANA, TRANB, Return Records (1-500 for dial-up or 1-999 for dedicated/leased line) and RECAP record.
- 826-829** Reserved

## ERC EXPLANATIONS FOR INDIVIDUAL INCOME TAX RETURNS (cont.)

- 830** **Total EFT Count** is a count of Direct Deposit Requests. This count is incremented for each return containing a non-blank character in any one of the Direct Deposit data fields (SEQ 1272, 1274, 1276, 1278) of the Tax Form. If an extraneous character is present within those fields, it will be counted as an EFT.
- 831** **Total Return Count** is a count of returns transmitted and must match the program computed counts. This count is incremented each time the Primary SSN within a Record ID changes.
- 832-839** Reserved
- 840** The ETIN plus Transmitter's Use Code (Field 5), Julian date (Field 6), and Transmission Sequence Number (Field 7) of the RECAP Record must agree with the corresponding fields of the TRANA record (Fields 7-9).
- 841-899** Reserved
- 900** The Primary SSN must not duplicate the Primary SSN or the Secondary SSN of any previously accepted electronic return for the current tax year.
- 901** The Depositor Account Number cannot equal a Depositor Account Number on a previously accepted electronic return unless the Filing Status equals "3".
- 902** The Declaration Control Number (DCN) (Field 10) of the Tax Return Record Identification 1040 (Page 1) must not duplicate another DCN on a previously accepted electronic return for the current processing year.
- 903** The Secondary SSN (SEQ 030) must not duplicate the Secondary SSN of any previously accepted return for the current tax year **OR** the Secondary SSN (SEQ 030) must not have been filed previously as a Primary SSN for the current tax year.
- 904-998** Reserved
- 999** If more than 96 reject conditions are identified, the last reject code will be "999". Filers should use the information on the acknowledgment file to resolve reject conditions.

## **SECTION 5 - ERROR REJECT CODE (ERC) EXPLANATIONS FOR ELECTRONIC TRANSMITTED DOCUMENTS**

**The following is an excerpt from Publication 1346, Part III, Attachment 1.**  
(See Appendix for location of SEQ numbers.)

- 001** The Summary Record must be present.
- 003** The Tax Period must be "199712".
- 004** The Primary SSN must be numeric, cannot be all blanks, nor all zeros nor all nines **AND** must be within the valid range of SSNs/ITINs. (See section 3.1 of this publication.)  
The Primary Social Security Number (P-SSN) (Field 5 of the Record ID) must be numeric.  
The Primary SSN (P-SSN) (Field 5 of the Record ID) must match the Primary SSN of the Form.  
The Primary SSN and the Name Control for the tax document must match the corresponding data in the IRS Master File.  
Form 4868 - Primary SSN (SEQ 090) is a required field.  
Form 9465 - Primary SSN (SEQ 020) is a required field.  
The Summary record Primary SSN (Field 3) must match the Primary SSN of the Form.
- 006** The Primary Name Control must not contain leading or embedded spaces. The two leftmost positions must be alpha. Only an alpha, hyphen and space are allowed.  
Form 4868 - Primary Name Control (SEQ 010) is a required field.  
Form 9465 - Primary Name Control (SEQ 015) is a required field.  
Form 9465 - Spouse Name Control (SEQ 035) is a required field when the Form 9465 Spouse Name (SEQ 030) is present. It must meet the same criteria for validation as the Primary Name Control. (See Publication 1346, Part I, Section 8 for examples of name controls.)
- 007** Form 9465 - Street Address (SEQ 050) is alphanumeric and can have no leading or consecutive embedded spaces. The only special characters allowed are space, hyphen (-) and slash (/).  
The first position or character entered in the Street Address must be alphabetic or numeric.  
Form 9465 - Street Address (SEQ 050) is a required field. (See Publication 1346, Part I, Attachment 2 for more information on street address.)
- 010** All alphanumeric fields must contain the type of data specified under the columnar heading "Field Description" in Record Layouts. Alphanumeric fields must be left-justified and blank-filled unless otherwise specified.  
Significant money fields must be right-justified and zero filled. Money fields must be all whole dollars (no cents). All other significant numeric fields must be right-justified and zero filled. Significant percentage fields must be left-justified and zero filled.

## ERC EXPLANATIONS FOR ELECTRONIC TRANSMITTED DOCUMENTS (cont.)

- Significant date fields with a length of eight positions must contain eight numeric characters in MMDDYYYY format. Where various dates are allowed, or the date is not known, the date field should contain "00000000". Significant date fields with a length of six positions must contain six numeric characters in MMYYYY format when transmitted in variable or fixed format.
- 014** This reject code is set for fields which are defined in Record Layouts as "NO ENTRY."
- 016** Form 9465 - Zip Code (SEQ 090) must be within the valid range for codes listed for that state and must not end in "00", with the exception of 20500 (the White House Zip Code).  
Form 9465 - Zip Code (SEQ 090) is a required field. (See section 3.7 of this publication.)
- 020** Form 4868 - Name Line 1 (SEQ 030) or Form 9465 Taxpayer's Name (SEQ 010) cannot have leading or consecutive embedded spaces. The only characters allowed are alpha, space, ampersand (&), hyphen (-), and less-than sign (<). The leftmost position must be alpha. The less-than sign replaces the intervening space to identify the Primary Taxpayer's last name. It cannot be preceded or followed by a space. Do not enter a space before or after any less-than sign; the less-than sign takes the place of a space.  
Form 9465 - If Spouse Name (SEQ 030) is present, it must meet the same criteria for validation as Taxpayer's name.  
**DO NOT ENTER DECEDENT NAMES IN NAME LINE 1 - DECEDENT FORMS MAY NOT BE FILED ELECTRONICALLY.**  
Form 4868 - Name Line 1 (SEQ 030) is a required field.  
Form 9465 - Taxpayer's Name (SEQ 010) is a required field.
- 022** Form 9465 - State Abbreviation (SEQ 080) must be alpha and consistent with the standard state abbreviations issued by the Postal Service.  
Form 9465 - State Abbreviation (SEQ 080) is a required field. (See section 3.7 of this publication.)
- 023** Form 9465 - City field (SEQ 070) must be present, left-justified and contain a minimum of three alpha characters, blank filled when transmitted in fixed format.  
City may not contain consecutive, embedded spaces. Only alphabetic characters and spaces are valid. **DO NOT ABBREVIATE** cities.  
Form 9465 - City field (SEQ 070) is a required field.
- 027** The Electronic Document Originator Name must be present in the Summary Record.  
The EFIN of Originator (Field 5) must be present in the Summary Record **AND** be equal to EFIN of Originator, in the DCN of the ETD Document.
- 028** The District Office Code in the EFIN of the Originator in the Document Record must be valid.
- 032** The DCN must be numeric.

## ERC EXPLANATIONS FOR ELECTRONIC TRANSMITTED DOCUMENTS (cont.)

- 033** Fields on a record must **NOT** be longer than specified in Record Layouts.
- 034** For each record, significant data must be present following the Record ID.
- 035** Sequence Numbers of fields for each record must be in ascending order and valid for that record.
- 044** The incoming record has an invalid "RECORD ID". The Form is invalid for Electronic Transmitted Documents, or the page number is incorrect and/or duplicated.
- 045** The number of occurrences for tax documents cannot exceed the number specified in Publication 1346, Part III, Attachment 2. For tax year 1997, the number of allowable occurrences is one (1) for both Form 4868 and Form 9465.
- 060** The Document Sequence Number (RSN) must be in ascending numerical sequence within a transmission. However, the DSNs within the transmission do not have to be consecutive.
- 061** The Declaration Control Number must be in ascending numerical sequence within the transmission. However, the DCNs do not have to be consecutive.
- 062** The first two digits of the Declaration Control Number must be zeros.
- 064** The Year Digit of the DCN must be "8".
- 071** The Secondary SSN must be all numerics, it cannot be all zeros, nor all nines; it must be within the valid range of SSN/ITIN and must not equal the Primary SSN. (See section 3.1 of this publication.)
- 167** Form 9465 - Monthly Payment Date (SEQ 310) must be present and within the range of 01 to 28.
- 168** Form 9465 - Monthly Payment (SEQ 300) must be \$25 or more.
- 172** Form 9465 - Amount Owed (SEQ 280) **CANNOT** be greater than \$10,000.
- 310** Form 4868 - must be received no later than April 15 or April 17, 1998 in the case of corrected forms.
- 312** Form 4868 -If the Spouse SSN (SEQ 100) is present, the Name Line 1 (SEQ 030) must contain an ampersand (&).
- 314** Form 4868 - If the Spouse Gift Tax Box (SEQ 114) is present and the Spouse Gift Tax Amount (SEQ 180) is significant, the Spouse SSN (SEQ 100) must be present.
- 805** The TRANB record must be present.
- 806** The processing site must be a valid ETD site: ANSC, AUSC, CSC, MSC or OSC.
- 820** The Julian Date cannot be more than two days prior to the Julian Date of the actual processing date or more than 1 day after the actual processing date.
- 822** The Transmission Sequence Number of the TRANA cannot match a previously accepted transmission.



- 823** If there is any unrecognizable or inconsistent control data, the transmission will be rejected.
- 824** The EFIN of the transmitter must be present.
- 825** The data records of the transmission must be in the following sequence: TRANA, TRANB, all form records and RECAP record.  
The Form Records must be present.  
The Transmission Type Code of the TRANA must be "D".
- 831** Total Form Count on the RECAP record is a count of forms transmitted and must match the counts computed by the IRS. This count is incremented each time the Primary SSN changes.
- 840** The ETIN and Transmitter's Use Code (Field 4), Julian day (Field 5), and Transmission Sequence Number (Field 6) of the RECAP Record must agree with the corresponding fields of the TRANA record (Fields 7-10).
- 900** The Primary SSN must not duplicate the Primary SSN of any previously accepted electronic transmitted Form 4868 for the current tax year.
- 999** If more than 96 reject conditions are identified, the last reject code will be "999".  
Filers should use the information on the acknowledgment file to resolve reject conditions.

## SECTION 6 - POST OF DUTY CODES

The following is an excerpt from Publication 1346, Part I, Attachment 9.

Afars & Issas	84	Burma	75
Afghanistan	84	Burundi	84
Albania	15	Cambodia	84
Algeria	84	Cameroon	84
Andorra	08	Canada (Alberta)	33
Angola	84	Canada (British Columbia)	32
Anguilla	85	Canada (Manitoba)	33
Antarctica	85	Canada (Newfoundland)	37
Antigua & Barbuda	49	Canada (Northwest Territory)	32
Arab Republic of Egypt	25	Canada (Nova Scotia)	37
Argentina	54	Canada (New Brunswick)	37
Armenia	85	Canada (Ontario)	35
Aruba	49	Canada (Prince Edward Island)	37
Ascension Island	84	Canada (Quebec)	34
Ashmore & Cartier Islands	85	Canada (Saskatchewan)	33
Australia	68	Canton & Enderbury Islands	84
Austria	13	Cape Verde	43
Azerbaijan	15	Cayman Islands	43
Azores	85	Central African Republic	84
Bahamas	44	Ceylon	75
Bahrain Islands	25	Chad	84
Baker Island	85	Channel Islands	02
Bangladesh	75	Chile	54
Barbados	49	China (Taiwan)	65
Bassas da India	85	China, People Republic	38
Belarus	85	Christmas Island (Indian Ocean)	85
Belgium	11	Christmas Island (Pacific Ocean)	84
Belize	45	Clipperton Island	85
Benin	29	Cocos (Keeling) Islands	44
Bermuda	44	Colombia	45
Bhutan	84	Commonwealth of Independent States (USSR)	15
Bolivia	54	Comoro Islands	84
Botswana	84	Congo	84
Bouvet Island	85	Cook Islands	84
Brazil	53	Coral Sea Islands Territory	85
British Honduras	45	Costa Rica	45
British Indian Ocean Territory	85	Cuba	84
British Virgin Islands	49	Cyprus	19
Brunei	84	Czech Republic	15
Bulgaria	15	Dahomey	84
Burkina	84		

## POST OF DUTY CODES (cont.)

Denmark	03	Guinea	84
Djibouti	84	Guinea-Bissau	84
Dominica	49	Guyana	49
Dominican Republic	44	Haiti	44
Ecuador	45	Heard Island & McDonald Island	84
Egypt	25	Holland	14
El Salvador	45	Honduras	45
Ellice Islands	84	Hong Kong	73
England	02	Howland Island	85
England - London	01	Hungary	15
Equatorial Guinea	84	Iceland	84
Estonia	85	India	75
Ethiopia	84	Indonesia	74
Europa Island	85	Iran	84
Falkland Islands	84	Iraq	84
Faroe Islands	84	Iraq-Saudia Arabia Neutral Zone	84
Federated States of Micronesia	85	Ireland	02
Fiji	84	Isle of Man	02
Finland	03	Israel	19
Formosa	65	Italy	19
France	08	Italy - Rome	18
France - Paris	07	Ivory Coast	84
French Guiana	84	Iwo Jima (Japan)	84
French Polynesia	84	Jamaica	44
French Southern & Antarctic Lands	85	Jan Mayen	84
Gabon	84	Japan	60
Gambia	84	Japan - Tokyo	59
Gaza Strip	84	Jersey	02
Georgia	15	Johnston Atoll	84
Germany	13	Jordan	84
Ghana	84	Juan de Nova Island	85
Gibraltar	09	Kampuchea	84
Gilbert Island	84	Kazakhstan	15
Glorioso Islands	85	Kenya	29
Great Britain	02	Kingman Reef	85
Great Britain - London	01	Kiribati	84
Greece	19	Korea, Democratic Peoples Rep. of	85
Greenland	84	Korea, Republic of	61
Grenada	84	Kuwait	25
Guadeloupe	49	Kyrgyzstan	15
Guatemala	45	Laos	84
Guernsey	02	Latvia	15

## POST OF DUTY CODES (cont.)

Lebanon	84
Lesotho	84
Liberia	09
Lichtenstein	08
Lithuania	15
Luxembourg	08
Lybia	84
Macau	85
Madagascar	84
Malawi	84
Malaysia	74
Maldives	84
Mali	84
Malta	19
Marshall Islands	85
Martinique	85
Mauritania	84
Mauritius	84
Mayotte	85
Mexico	42
Mexico City	41
Micronesia, Federal States of	85
Midway Islands	85
Moldova	85
Monaco	08
Montserrat	49
Morocco	84
Mozambique	29
Muscat	25
Myanmar	75
Namibia	85
Nauru	70
Navassa Island	85
Nepal	75
Netherlands	14
Netherlands Antilles	49
New Calendonina	84
New Hebrides (Ranuahn)	70
New Zealand	70
Nicaragua	45
Niger	85
Nigeria	29
Niue (New Zealand)	84

Norfolk Island	84
Northern Ireland	02
Norway	03
Okinawa (Japan)	60
Oman	25
Other Countries	85
Pakistan	75
Palau	85
Palmyra Atoll	85
Panama	48
Papua-New Guinea	70
Paraguay	54
Persia	84
Peru	54
Philippines	63
Pitcairn Islands	84
Poland	15
Portugal	09
Portuguese Timor	74
Qatar	25
Reunion Island	84
Romania	15
Russia	15
Rwanda	84
San Marino	19
Sao Tome and Principe	84
Saudi Arabia	24
Scotland	02
Senegal	84
Seychelles	84
Sierra Leone	84
Singapore	74
Slovakia (Slovic Republic)	15
Solomon Islands	84
Somalia	84
South Africa	28
South-West Africa	85
Southern Rhodesia	85
Southern Yemen	84
Soviet Union	15
Spain	09
Spratly Islands	85
Sri Lanka	75

## POST OF DUTY CODES (cont.)

St Christmas-Nevis	49	Tuvalu	84
St Christopher	49	Ubekistin	15
St Helena	49	Uganda	84
St Kitts & Nevis	49	Ukraine	15
St Lucia Island	49	Union of Soviet Socialist Republics	85
St Pierre & Miquelon	37	United Arab Emirates	25
St Vincent and the Grenadines	49	United Kingdom	02
Sudan	84	United Kingdom - London	01
Suriname	84	Upper Volta	84
Svalbard	84	Uruguay	54
Swaziland	84	Uzbekistan	85
Switzerland	10	Vanuatu	70
Syria	84	Vatican City	18
Taiwan	65	Venezuela	49
Tajikistan	15	Vietnam	84
Tanzania, United Republic of	84	Wake Island	85
Thailand	49	Wales	02
Thailand	75	Wallis & Futuna	84
Tobago	49	West Bank	85
Togo	84	West Indies	44
Tokelau Islands	84	Western Sahara	85
Tonga	84	Western Samoa	84
Trinidad & Tobago	49	Yemen (Aden)	84
Tromelin Island	85	Yemen (Sanaa)	24
Trust Territory of the Pacific Islands	85	Yugoslavia	15
Tunisia	84	Zaire	29
Turkey	19	Zambia	84
Turkmenistan	15	Zimbabwe	29
Turks and Caicos Islands	43		

## APPENDIX - FORM FIELD NUMBERS (SEQ nnnn) EXHIBITS

The following exhibits show the corresponding locations of the SEQ numbers on individual income tax forms and schedules **AND** electronic transmitted documents. They should be helpful in resolving error conditions.

**Point and click on desired form**

**[Click here for Table of Contents](#)**

<b>FORM</b>	<b>PAGE</b>	<b>FORM</b>	<b>PAGE</b>
Form 1040 .....	A-1	Form 2555 .....	A-45
Schedule A .....	A-3	Form 2555-EZ .....	A-48
Schedule B .....	A-4	Form 3903 .....	A-50
Schedule C .....	A-5	Form 4136 .....	A-51
Schedule C-EZ .....	A-7	Form 4137 .....	A-53
Schedule D .....	A-8	Form 4255 .....	A-54
Schedule E .....	A-10	Form 4562 .....	A-55
Schedule EIC .....	A-12	Form 4684 .....	A-57
Schedule F .....	A-13	Form 4797 .....	A-59
Schedule H .....	A-15	Form 4835 .....	A-61
Schedule R .....	A-17	Form 4868 .....	A-62
Schedule SE .....	A-19	Form 4952 .....	A-63
Form 1040A .....	A-21	Form 4970 .....	A-64
Schedule 1 .....	A-23	Form 4972 .....	A-65
Schedule 2 .....	A-24	Form 5329 .....	A-67
Schedule 3 .....	A-26	Form 6198 .....	A-69
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Form 1099-R .....	A-30	Form 6252 .....	A-72
Form W-2 .....	A-31	Form 8283 .....	A-73
Form W-2G .....	A-32	Form 8396 .....	A-75
Form 1116 .....	A-33	Form 8582 .....	A-76
Form 2106 .....	A-35	Form 8606 .....	A-79
Form 2119 .....	A-37	Form 8615 .....	A-80
Form 2210 .....	A-39	Form 8814 .....	A-81
Form 2210F .....	A-42	Form 8815 .....	A-82
Form 2441 .....	A-43	Form 8828 .....	A-83
		Form 8829 .....	A-84
		Form 8839 .....	A-85
		Form 9465 .....	A-87

**Label**

(See instructions on page 10.)

**Use the IRS label.** Otherwise, please print or type.

**Presidential Election Campaign** (See page 10.)

L A B E L  H E R E	Your first name and initial		Last name	
	If a joint return, spouse's first name and initial		Last name	
	Home address (number and street). If you have a P.O. box, see page 10.			Apt. no.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 10.			

Your social security number

Spouse's social security number

**For help in finding line instructions, see pages 2 and 3 in the booklet.**

Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.

**Filing Status**

Check only one box.

1	<input type="checkbox"/>	Single
2	<input type="checkbox"/>	Married filing joint return (even if only one had income)
3	<input type="checkbox"/>	Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4	<input type="checkbox"/>	Head of household (with qualifying person). (See page 10.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5	<input type="checkbox"/>	Qualifying widow(er) with dependent child (year spouse died ▶ 19 ). (See page 10.)

**Exemptions**

If more than six dependents, see page 10.

6a	<input type="checkbox"/>	<b>Yourself.</b> If your parent (or someone else) can claim you as a dependent on his or her tax return, <b>do not</b> check box 6a.	No. of boxes checked on 6a and 6b	
b	<input type="checkbox"/>	<b>Spouse</b>		No. of your children on 6c who: • lived with you • did not live with you due to divorce or separation (see page 11)
c <b>Dependents:</b>				
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1997
d Total number of exemptions claimed				

**Income**

**Attach Copy B of your Forms W-2, W-2G, and 1099-R here.**

If you did not get a W-2, see page 12.

Enclose but do not attach any payment. Also, please use **Form 1040-V**.

7	Wages, salaries, tips, etc. Attach Form(s) W-2.		7	
8a	Taxable interest. Attach Schedule B if required.		8a	
b	Tax-exempt interest. DO NOT include on line 8a.		8b	
9	Dividends. Attach Schedule B if required.		9	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 12).		10	
11	Alimony received.		11	
12	Business income or (loss). Attach Schedule C or C-EZ.		12	
13	Capital gain or (loss). Attach Schedule D.		13	
14	Other gains or (losses). Attach Form 4797.		14	
15a	Total IRA distributions	15a	b Taxable amount (see page 13)	15b
16a	Total pensions and annuities	16a	b Taxable amount (see page 13)	16b
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.		17	
18	Farm income or (loss). Attach Schedule F.		18	
19	Unemployment compensation.		19	
20a	Social security benefits	20a	b Taxable amount (see page 14)	20b
21	Other income. List type and amount—see page 15.		21	
22	Add the amounts in the far right column for lines 7 through 21. This is your <b>total income</b> .		22	

**Adjusted Gross Income**

If line 32 is under \$29,290 (under \$9,770 if a child did not live with you), see EIC inst. on page 21.

23	IRA deduction (see page 16).	23	
24	Medical savings account deduction. Attach Form 8853.	24	
25	Moving expenses. Attach Form 3903 or 3903-F.	25	
26	One-half of self-employment tax. Attach Schedule SE.	26	
27	Self-employed health insurance deduction (see page 17).	27	
28	Keogh and self-employed SEP and SIMPLE plans.	28	
29	Penalty on early withdrawal of savings.	29	
30a	Alimony paid b Recipient's SSN ▶	30a	
31	Add lines 23 through 30a.	31	
32	Subtract line 31 from line 22. This is your <b>adjusted gross income</b> .	32	

**Tax Computation**

33	Amount from line 32 (adjusted gross income)	33	
34a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	34a	
b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here	34b	<input type="checkbox"/>
35	Enter the larger of: <b>Itemized deductions</b> from Schedule A, line 28, <b>OR</b> <b>Standard deduction</b> shown below for your filing status. <b>But</b> see page 18 if you checked any box on line 34a or 34b or someone can claim you as a dependent. • Single—\$4,150    • Married filing jointly or Qualifying widow(er)—\$6,900 • Head of household—\$6,050    • Married filing separately—\$3,450	35	
36	Subtract line 35 from line 33	36	
37	If line 33 is \$90,900 or less, multiply \$2,650 by the total number of exemptions claimed on line 6d. If line 33 is over \$90,900, see the worksheet on page 19 for the amount to enter	37	
38	<b>Taxable income.</b> Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-	38	
39	<b>Tax.</b> See page 19. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	39	

If you want the IRS to figure your tax, see page 18.

**Credits**

40	Credit for child and dependent care expenses. Attach Form 2441	40	
41	Credit for the elderly or the disabled. Attach Schedule R	41	
42	Adoption credit. Attach Form 8839	42	
43	Foreign tax credit. Attach Form 1116	43	
44	Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify) _____	44	
45	Add lines 40 through 44	45	
46	Subtract line 45 from line 39. If line 45 is more than line 39, enter -0-	46	

**Other Taxes**

47	Self-employment tax. Attach Schedule SE	47	
48	Alternative minimum tax. Attach Form 6251	48	
49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49	
50	Tax on qualified retirement plans (including IRAs) and MSAs. Attach Form 5329 if required	50	
51	Advance earned income credit payments from Form(s) W-2	51	
52	Household employment taxes. Attach Schedule H	52	
53	Add lines 46 through 52. This is your <b>total tax</b>	53	

**Payments**

54	Federal income tax withheld from Forms W-2 and 1099	54	
55	1997 estimated tax payments and amount applied from 1996 return	55	
56a	<b>Earned income credit.</b> Attach Schedule EIC if you have a qualifying child b Nontaxable earned income: amount <input type="text"/> and type <input type="text"/>	56a	
57	Amount paid with Form 4868 (request for extension)	57	
58	Excess social security and RRTA tax withheld (see page 27)	58	
59	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	59	
60	Add lines 54, 55, 56a, 57, 58, and 59. These are your <b>total payments</b>	60	

Attach Forms W-2, W-2G, and 1099-R on the front.

**Refund**

61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you <b>OVERPAID</b>	61	
62a	Amount of line 61 you want <b>REFUNDED TO YOU</b>	62a	
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>		
63	Amount of line 61 you want <b>APPLIED TO YOUR 1998 ESTIMATED TAX</b>	63	

Have it directly deposited! See page 27 and fill in 62b, 62c, and 62d.

**Amount You Owe**

64	If line 53 is more than line 60, subtract line 60 from line 53. This is the <b>AMOUNT YOU OWE</b> . For details on how to pay, see page 27	64	
65	Estimated tax penalty. Also include on line 64	65	

**Sign Here**

Keep a copy of this return for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	
Spouse's signature. If a joint return, BOTH must sign.	Date	Spouse's occupation	
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours if self-employed) and address		EIN	
		ZIP code	





**SCHEDULES A&B**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Schedule A—Itemized Deductions**

(Schedule B is on back)

► **Attach to Form 1040.** ► **See Instructions for Schedules A and B (Form 1040).**

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

<b>Medical and Dental Expenses</b>	<b>1</b>	<b>Caution:</b> Do not include expenses reimbursed or paid by others.				
		Medical and dental expenses (see page A-1) . . . . .	<b>1</b>			
	<b>2</b>	Enter amount from Form 1040, line 33. <b>2</b>				
	<b>3</b>	Multiply line 2 above by 7.5% (.075) . . . . .	<b>3</b>			
	<b>4</b>	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . .			<b>4</b>	
<b>Taxes You Paid</b> (See page A-2.)	<b>5</b>	State and local income taxes . . . . .	<b>5</b>			
	<b>6</b>	Real estate taxes (see page A-2) . . . . .	<b>6</b>			
	<b>7</b>	Personal property taxes . . . . .	<b>7</b>			
	<b>8</b>	Other taxes. List type and amount ► . . . . .	<b>8</b>			
	<b>9</b>	Add lines 5 through 8 . . . . .			<b>9</b>	
<b>Interest You Paid</b> (See page A-2.)	<b>10</b>	Home mortgage interest and points reported to you on Form 1098	<b>10</b>			
	<b>11</b>	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ► . . . . .	<b>11</b>			
	<b>12</b>	Points not reported to you on Form 1098. See page A-3 for special rules . . . . .	<b>12</b>			
	<b>13</b>	Investment interest. Attach Form 4952 if required. (See page A-3.) . . . . .	<b>13</b>			
<b>Note:</b> Personal interest is not deductible.	<b>14</b>	Add lines 10 through 13 . . . . .			<b>14</b>	
<b>Gifts to Charity</b> If you made a gift and got a benefit for it, see page A-3.	<b>15</b>	Gifts by cash or check. If you made any gift of \$250 or more, see page A-3 . . . . .	<b>15</b>			
	<b>16</b>	Other than by cash or check. If any gift of \$250 or more, see page A-3. You <b>MUST</b> attach Form 8283 if over \$500 . . . . .	<b>16</b>			
	<b>17</b>	Carryover from prior year . . . . .	<b>17</b>			
	<b>18</b>	Add lines 15 through 17 . . . . .			<b>18</b>	
<b>Casualty and Theft Losses</b>	<b>19</b>	Casualty or theft loss(es). Attach Form 4684. (See page A-4.) . . . . .			<b>19</b>	
<b>Job Expenses and Most Other Miscellaneous Deductions</b> (See page A-5 for expenses to deduct here.)	<b>20</b>	Unreimbursed employee expenses—job travel, union dues, job education, etc. You <b>MUST</b> attach Form 2106 or 2106-EZ if required. (See page A-4.) ► . . . . .	<b>20</b>			
	<b>21</b>	Tax preparation fees . . . . .	<b>21</b>			
	<b>22</b>	Other expenses—investment, safe deposit box, etc. List type and amount ► . . . . .	<b>22</b>			
	<b>23</b>	Add lines 20 through 22 . . . . .	<b>23</b>			
	<b>24</b>	Enter amount from Form 1040, line 33. <b>24</b>	<b>24</b>			
	<b>25</b>	Multiply line 24 above by 2% (.02) . . . . .	<b>25</b>			
	<b>26</b>	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0- . . . . .			<b>26</b>	
<b>Other Miscellaneous Deductions</b>	<b>27</b>	Other—from list on page A-5. List type and amount ► . . . . .			<b>27</b>	
<b>Total Itemized Deductions</b>	<b>28</b>	Is Form 1040, line 33, over \$121,200 (over \$60,600 if married filing separately)? <b>NO.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 35, the <b>larger</b> of this amount or your standard deduction. <b>YES.</b> Your deduction may be limited. See page A-5 for the amount to enter.			<b>28</b>	

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

Your social security number

**Schedule B—Interest and Dividend Income**Attachment  
Sequence No. **08****Part I****Interest  
Income**(See pages 12  
and B-1.)

**Note:** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

**Note:** If you had over \$400 in taxable interest income, you must also complete Part III.

- 1** List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ►

**Amount****1**

- 2** Add the amounts on line 1 . . . . . **2**
- 3** Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040 . . . . . **3**
- 4** Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ► **4**

**Part II****Dividend  
Income**(See pages 12  
and B-1.)

**Note:** If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total dividends shown on that form.

**Note:** If you had over \$400 in gross dividends and/or other distributions on stock, you must also complete Part III.

- 5** List name of payer. Include gross dividends and/or other distributions on stock here. Any capital gain distributions and nontaxable distributions will be deducted on lines 7 and 8 ►

**Amount****5**

- 6** Add the amounts on line 5 . . . . . **6**
- 7** Capital gain distributions. Enter here and on Schedule D **7**
- 8** Nontaxable distributions. (See the inst. for Form 1040, line 9.) **8**
- 9** Add lines 7 and 8 . . . . . **9**
- 10** Subtract line 9 from line 6. Enter the result here and on Form 1040, line 9 ► **10**

**Part III  
Foreign  
Accounts  
and  
Trusts**(See  
page B-2.)

You must complete this part if you (a) had over \$400 of interest or dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

**Yes****No**

- 11a** At any time during 1997, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1 . . . . .
- b** If "Yes," enter the name of the foreign country ►
- 12** During 1997, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520 or 926. See page B-2 . . . . .



**SCHEDULE C  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**

(Sole Proprietorship)

► Partnerships, joint ventures, etc., must file Form 1065.

► Attach to Form 1040 or Form 1041. ► See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **09**

Name of proprietor		Social security number (SSN)	
A Principal business or profession, including product or service (see page C-1)		B Enter principal business code (see page C-6) ►	
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN), if any	
E Business address (including suite or room no.) ► City, town or post office, state, and ZIP code			
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ►			
G Did you "materially participate" in the operation of this business during 1997? If "No," see page C-2 for limit on losses. <input type="checkbox"/> Yes <input type="checkbox"/> No			
H If you started or acquired this business during 1997, check here <input type="checkbox"/> ►			

**Part I Income**

1 Gross receipts or sales. <b>Caution:</b> If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-2 and check here <input type="checkbox"/>	1		
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3		
4 Cost of goods sold (from line 42 on page 2)	4		
5 <b>Gross profit.</b> Subtract line 4 from line 3	5		
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-2)	6		
7 <b>Gross income.</b> Add lines 5 and 6	7		

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8			19 Pension and profit-sharing plans	19		
9 Bad debts from sales or services (see page C-3)	9			20 Rent or lease (see page C-4):			
10 Car and truck expenses (see page C-3)	10			a Vehicles, machinery, and equipment	20a		
11 Commissions and fees	11			b Other business property	20b		
12 Depletion	12			21 Repairs and maintenance	21		
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-3)	13			22 Supplies (not included in Part III)	22		
14 Employee benefit programs (other than on line 19)	14			23 Taxes and licenses	23		
15 Insurance (other than health)	15			24 Travel, meals, and entertainment:			
16 Interest:				a Travel	24a		
a Mortgage (paid to banks, etc.)	16a			b Meals and entertainment			
b Other	16b			c Enter 50% of line 24b subject to limitations (see page C-4)			
17 Legal and professional services	17			d Subtract line 24c from line 24b	24d		
18 Office expense	18			25 Utilities	25		
28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27 in columns				26 Wages (less employment credits)	26		
29 Tentative profit (loss). Subtract line 28 from line 7				27 Other expenses (from line 48 on page 2)	27		
30 Expenses for business use of your home. Attach <b>Form 8829</b>				28			
31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.				29			
• If a profit, enter on <b>Form 1040, line 12</b> , and ALSO on <b>Schedule SE, line 2</b> (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.				30			
• If a loss, you <b>MUST</b> go on to line 32.				31			
32 If you have a loss, check the box that describes your investment in this activity (see page C-5).							
• If you checked 32a, enter the loss on <b>Form 1040, line 12</b> , and ALSO on <b>Schedule SE, line 2</b> (statutory employees, see page C-5). Estates and trusts, enter on Form 1041, line 3.							
• If you checked 32b, you <b>MUST</b> attach <b>Form 6198</b> .							
				32a <input type="checkbox"/> All investment is at risk.			
				32b <input type="checkbox"/> Some investment is not at risk.			

**Part III Cost of Goods Sold** (see page C-5)

<b>33</b>	Method(s) used to value closing inventory: <b>a</b> <input type="checkbox"/> Cost <b>b</b> <input type="checkbox"/> Lower of cost or market <b>c</b> <input type="checkbox"/> Other (attach explanation)		
<b>34</b>	Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>35</b>	Inventory at beginning of year. If different from last year's closing inventory, attach explanation . . .	<b>35</b>	
<b>36</b>	Purchases less cost of items withdrawn for personal use . . . . .	<b>36</b>	
<b>37</b>	Cost of labor. Do not include salary paid to yourself . . . . .	<b>37</b>	
<b>38</b>	Materials and supplies . . . . .	<b>38</b>	
<b>39</b>	Other costs . . . . .	<b>39</b>	
<b>40</b>	Add lines 35 through 39 . . . . .	<b>40</b>	
<b>41</b>	Inventory at end of year . . . . .	<b>41</b>	
<b>42</b>	<b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on page 1, line 4 . . .	<b>42</b>	

**Part IV Information on Your Vehicle.** Complete this part **ONLY** if you are claiming car or truck expenses on line 10 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-3 to find out if you must file.

**43** When did you place your vehicle in service for business purposes? (month, day, year) ► ..... / ..... / .....

**44** Of the total number of miles you drove your vehicle during 1997, enter the number of miles you used your vehicle for:

**a** Business ..... **b** Commuting ..... **c** Other .....

**45** Do you (or your spouse) have another vehicle available for personal use? . . . . . ☐ Yes ☐ No

**46** Was your vehicle available for use during off-duty hours? . . . . . ☐ Yes ☐ No

**47a** Do you have evidence to support your deduction? . . . . . ☐ Yes ☐ No

**b** If "Yes," is the evidence written? . . . . . ☐ Yes ☐ No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		
<b>48 Total other expenses.</b> Enter here and on page 1, line 27 . . . . .	<b>48</b>	



**SCHEDULE C-EZ  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

Name of proprietor

**Net Profit From Business**

(Sole Proprietorship)

► Partnerships, joint ventures, etc., must file Form 1065.

► Attach to Form 1040 or Form 1041. ► See instructions on back.

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **09A**

Social security number (SSN)

**Part I** General Information

**You May Use  
This Schedule  
Only If You:**

- Had business expenses of \$2,500 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as a sole proprietor.

**And You:**

- Had no employees during the year.
- Are not required to file **Form 4562**, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-3 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

**A** Principal business or profession, including product or service

**B** Enter principal business code  
(see page C-6) ►

**C** Business name. If no separate business name, leave blank.

**D** Employer ID number (EIN), if any

**E** Business address (including suite or room no.). Address not required if same as on Form 1040, page 1.

City, town or post office, state, and ZIP code

**Part II** Figure Your Net Profit

- 1 Gross receipts. Caution:** If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see **Statutory Employees** in the instructions for Schedule C, line 1, on page C-2 and check here . . . . . ► ☐
- 2 Total expenses.** If more than \$2,500, you **must** use Schedule C. See instructions . . . . .
- 3 Net profit.** Subtract line 2 from line 1. If less than zero, you **must** use Schedule C. Enter on **Form 1040, line 12**, and **ALSO** on **Schedule SE, line 2**. (Statutory employees **do not** report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.) . . . . .

**1**

**2**

**3**

**Part III** Information on Your Vehicle. Complete this part **ONLY** if you are claiming car or truck expenses on line 2.

**4** When did you place your vehicle in service for business purposes? (month, day, year) ► . . . . . / . . . . . / . . . . .

**5** Of the total number of miles you drove your vehicle during 1997, enter the number of miles you used your vehicle for:

**a** Business . . . . . **b** Commuting . . . . . **c** Other . . . . .

**6** Do you (or your spouse) have another vehicle available for personal use? . . . . . ☐ **Yes** ☐ **No**

**7** Was your vehicle available for use during off-duty hours? . . . . . ☐ **Yes** ☐ **No**

**8a** Do you have evidence to support your deduction? . . . . . ☐ **Yes** ☐ **No**

**b** If "Yes," is the evidence written? . . . . . ☐ **Yes** ☐ **No**

**SCHEDULE D  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Capital Gains and Losses**

- ▶ **Attach to Form 1040.** ▶ **See Instructions for Schedule D (Form 1040).**  
▶ **Use Schedule D-1 for more space to list transactions for lines 1 and 8.**

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **12**

Name(s) shown on Form 1040

Your social security number

**Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2 . . . . .	2				
3 <b>Total short-term sales price amounts.</b> Add column (d) of lines 1 and 2 . . . . .	3				
4 Short-term gain from Forms 2119 and 6252, and short-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 9 of your 1996 Capital Loss Carryover Worksheet . . . . .	6	(		)	
7 <b>Net short-term capital gain or (loss).</b> Combine lines 1 through 6 in column (f). . . . . ▶	7				

**Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-3)	(e) Cost or other basis (see page D-4)	(f) GAIN or (LOSS) FOR ENTIRE YEAR. Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
8						
9 Enter your long-term totals, if any, from Schedule D-1, line 9 . . . . .	9					
10 <b>Total long-term sales price amounts.</b> Add column (d) of lines 8 and 9 . . . . .	10					
11 Gain from Form 4797, Part I; long-term gain from Forms 2119, 2439, and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .	11					
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .	12					
13 Capital gain distributions . . . . .	13					
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 14 of your 1996 Capital Loss Carryover Worksheet . . . . .	14	(		)	(	)
15 Combine lines 8 through 14 in column (g) . . . . .	15					
16 <b>Net long-term capital gain or (loss).</b> Combine lines 8 through 14 in column (f). . . . . ▶	16					

\* **28% Rate Gain or Loss** includes all gains and losses in Part II, column (f) from sales, exchanges, or conversions (including installment payments received) **either:** • **Before May 7, 1997, or**  
• **After July 28, 1997, for assets held more than 1 year but not more than 18 months.**  
It also includes **ALL** "collectibles gains and losses" (as defined on page D-4).

**Part III Summary of Parts I and II**

<b>17</b>	Combine lines 7 and 16. If a loss, go to line 18. If a gain, enter the gain on Form 1040, line 13 <b>Next:</b> Complete Form 1040 through line 38. Then, go to <b>Part IV</b> to figure your tax if: <ul style="list-style-type: none"> <li>Both lines 16 and 17 are gains, <b>and</b></li> <li>Form 1040, line 38, is more than zero.</li> </ul>	<b>17</b>	
<b>18</b>	If line 17 is a loss, enter here and as a (loss) on Form 1040, line 13, the <b>smaller</b> of these losses: <ul style="list-style-type: none"> <li>The loss on line 17; <b>or</b></li> <li>(\$3,000) or, if married filing separately, (\$1,500) . . . . .</li> </ul> <b>Next:</b> Complete Form 1040 through line 36. Then, complete the <b>Capital Loss Carryover Worksheet</b> on page D-4 if: <ul style="list-style-type: none"> <li>The loss on line 17 exceeds the loss on line 18, <b>or</b></li> <li>Form 1040, line 36, is a loss.</li> </ul>	<b>18</b>	(                      )

**Part IV Tax Computation Using Maximum Capital Gains Rates**

<b>19</b>	Enter your taxable income from Form 1040, line 38 . . . . .	<b>19</b>	
<b>20</b>	Enter the <b>smaller</b> of line 16 or line 17 . . . . .	<b>20</b>	
<b>21</b>	If you are filing Form 4952, enter the amount from Form 4952, line 4e . . . . .	<b>21</b>	
<b>22</b>	Subtract line 21 from line 20. If zero or less, enter -0- . . . . .	<b>22</b>	
<b>23</b>	Combine lines 7 and 15. If zero or less, enter -0- . . . . .	<b>23</b>	
<b>24</b>	Enter the <b>smaller</b> of line 15 or line 23, but not less than zero . . . . .	<b>24</b>	
<b>25</b>	Enter your unrecaptured section 1250 gain, if any (see page D-4) . . . . .	<b>25</b>	
<b>26</b>	Add lines 24 and 25 . . . . .	<b>26</b>	
<b>27</b>	Subtract line 26 from line 22. If zero or less, enter -0- . . . . .	<b>27</b>	
<b>28</b>	Subtract line 27 from line 19. If zero or less, enter -0- . . . . .	<b>28</b>	
<b>29</b>	Enter the <b>smaller</b> of line 19 or \$41,200 (\$24,650 if single; \$20,600 if married filing separately; \$33,050 if head of household) . . . . .	<b>29</b>	
<b>30</b>	Enter the <b>smaller</b> of line 28 or line 29 . . . . .	<b>30</b>	
<b>31</b>	Subtract line 22 from line 19. If zero or less, enter -0- . . . . .	<b>31</b>	
<b>32</b>	Enter the <b>larger</b> of line 30 or line 31 . . . . .	<b>32</b>	
<b>33</b>	Figure the tax on the amount on line 32. Use the Tax Table or Tax Rate Schedules, whichever applies . . . . . ▶	<b>33</b>	
<b>34</b>	Enter the amount from line 29 . . . . .	<b>34</b>	
<b>35</b>	Enter the amount from line 28 . . . . .	<b>35</b>	
<b>36</b>	Subtract line 35 from line 34. If zero or less, enter -0- . . . . .	<b>36</b>	
<b>37</b>	Multiply line 36 by 10% (.10) . . . . . ▶	<b>37</b>	
<b>38</b>	Enter the <b>smaller</b> of line 19 or line 27 . . . . .	<b>38</b>	
<b>39</b>	Enter the amount from line 36 . . . . .	<b>39</b>	
<b>40</b>	Subtract line 39 from line 38. If zero or less, enter -0- . . . . .	<b>40</b>	
<b>41</b>	Multiply line 40 by 20% (.20) . . . . . ▶	<b>41</b>	
<b>42</b>	Enter the <b>smaller</b> of line 22 or line 25 . . . . .	<b>42</b>	
<b>43</b>	Add lines 22 and 32 . . . . .	<b>43</b>	
<b>44</b>	Enter the amount from line 19 . . . . .	<b>44</b>	
<b>45</b>	Subtract line 44 from line 43. If zero or less, enter -0- . . . . .	<b>45</b>	
<b>46</b>	Subtract line 45 from line 42. If zero or less, enter -0- . . . . .	<b>46</b>	
<b>47</b>	Multiply line 46 by 25% (.25) . . . . . ▶	<b>47</b>	
<b>48</b>	Enter the amount from line 19 . . . . .	<b>48</b>	
<b>49</b>	Add lines 32, 36, 40, and 46 . . . . .	<b>49</b>	
<b>50</b>	Subtract line 49 from line 48 . . . . .	<b>50</b>	
<b>51</b>	Multiply line 50 by 28% (.28) . . . . . ▶	<b>51</b>	
<b>52</b>	Add lines 33, 37, 41, 47, and 51. . . . .	<b>52</b>	
<b>53</b>	Figure the tax on the amount on line 19. Use the Tax Table or Tax Rate Schedules, whichever applies . . . . .	<b>53</b>	
<b>54</b>	<b>Tax.</b> Enter the <b>smaller</b> of line 52 or line 53 here and on Form 1040, line 39 . . . . . ▶	<b>54</b>	



**SCHEDULE E**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Supplemental Income and Loss**  
(From rental real estate, royalties, partnerships,  
S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

**Part I** **Income or Loss From Rental Real Estate and Royalties** *Note: Report income and expenses from your business of renting personal property on Schedule C or C-EZ (see page E-1). Report farm rental income or loss from Form 4835 on page 2, line 39.*

<b>1</b> Show the kind and location of each rental real estate property:	<b>2</b> For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, or • 10% of the total days rented at fair rental value? (See page E-1.)	<b>Yes</b>	<b>No</b>
<b>A</b> .....		<b>A</b>	
<b>B</b> .....		<b>B</b>	
<b>C</b> .....		<b>C</b>	

Income:	Properties						Totals	
	A		B		C		(Add columns A, B, and C.)	
<b>3</b> Rents received . . . . .	<b>3</b>						<b>3</b>	
<b>4</b> Royalties received . . . . .	<b>4</b>						<b>4</b>	
<b>Expenses:</b>								
<b>5</b> Advertising . . . . .	<b>5</b>							
<b>6</b> Auto and travel (see page E-2) . . . . .	<b>6</b>							
<b>7</b> Cleaning and maintenance . . . . .	<b>7</b>							
<b>8</b> Commissions . . . . .	<b>8</b>							
<b>9</b> Insurance . . . . .	<b>9</b>							
<b>10</b> Legal and other professional fees . . . . .	<b>10</b>							
<b>11</b> Management fees . . . . .	<b>11</b>							
<b>12</b> Mortgage interest paid to banks, etc. (see page E-2) . . . . .	<b>12</b>						<b>12</b>	
<b>13</b> Other interest . . . . .	<b>13</b>							
<b>14</b> Repairs . . . . .	<b>14</b>							
<b>15</b> Supplies . . . . .	<b>15</b>							
<b>16</b> Taxes . . . . .	<b>16</b>							
<b>17</b> Utilities . . . . .	<b>17</b>							
<b>18</b> Other (list) ▶ .....	<b>18</b>							
.....								
.....								
.....								
<b>19</b> Add lines 5 through 18 . . . . .	<b>19</b>						<b>19</b>	
<b>20</b> Depreciation expense or depletion (see page E-2) . . . . .	<b>20</b>						<b>20</b>	
<b>21</b> Total expenses. Add lines 19 and 20 . . . . .	<b>21</b>							
<b>22</b> Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file <b>Form 6198</b> . . . . .	<b>22</b>							
<b>23</b> Deductible rental real estate loss. <b>Caution:</b> Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file <b>Form 8582</b> . Real estate professionals must complete line 42 on page 2 . . . . .	<b>23</b>	(	)	(	)	(		
<b>24</b> <b>Income.</b> Add positive amounts shown on line 22. <b>Do not</b> include any losses . . . . .	<b>24</b>							
<b>25</b> <b>Losses.</b> Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here . . . . .	<b>25</b>	(	)					
<b>26</b> Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2 . . . . .	<b>26</b>							



Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

**Note:** If you report amounts from farming or fishing on Schedule E, you must enter your gross income from those activities on line 41 below. Real estate professionals must complete line 42 below.

**Part II Income or Loss From Partnerships and S Corporations** **Note:** If you report a loss from an at-risk activity, you **MUST** check either column (e) or (f) on line 27 to describe your investment in the activity. See page E-4. If you check column (f), you must attach **Form 6198**.

27	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	Investment At Risk? (e) All is at risk (f) Some is not at risk	
A						
B						
C						
D						
E						

Passive Income and Loss				Nonpassive Income and Loss					
(g) Passive loss allowed (attach Form 8582 if required)		(h) Passive income from Schedule K-1		(i) Nonpassive loss from Schedule K-1		(j) Section 179 expense deduction from Form 4562		(k) Nonpassive income from Schedule K-1	
A									
B									
C									
D									
E									
28a Totals									
b Totals									
29 Add columns (h) and (k) of line 28a . . . . .								29	
30 Add columns (g), (i), and (j) of line 28b . . . . .								30	( )
31 Total partnership and S corporation income or (loss). Combine lines 29 and 30. Enter the result here and include in the total on line 40 below . . . . .								31	

**Part III Income or Loss From Estates and Trusts**

32	(a) Name	(b) Employer identification number
A		
B		

Passive Income and Loss				Nonpassive Income and Loss					
(c) Passive deduction or loss allowed (attach Form 8582 if required)		(d) Passive income from Schedule K-1		(e) Deduction or loss from Schedule K-1		(f) Other income from Schedule K-1			
A									
B									
33a Totals									
b Totals									
34 Add columns (d) and (f) of line 33a . . . . .								34	
35 Add columns (c) and (e) of line 33b . . . . .								35	( )
36 Total estate and trust income or (loss). Combine lines 34 and 35. Enter the result here and include in the total on line 40 below . . . . .								36	

**Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs)—Residual Holder**

37	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see page E-5)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b	
38 Combine columns (d) and (e) only. Enter the result here and include in the total on line 40 below					38	

**Part V Summary**

39	Net farm rental income or (loss) from Form 4835. Also, complete line 41 below . . . . .	39	
40	TOTAL income or (loss). Combine lines 26, 31, 36, 38, and 39. Enter the result here and on Form 1040, line 17 ▶	40	
41	<b>Reconciliation of Farming and Fishing Income.</b> Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), line 15b; Schedule K-1 (Form 1120S), line 23; and Schedule K-1 (Form 1041), line 14 (see page E-5) . . . . .	41	
42	<b>Reconciliation for Real Estate Professionals.</b> If you were a real estate professional (see page E-4), enter the net income or (loss) you reported anywhere on Form 1040 from all rental real estate activities in which you materially participated under the passive activity loss rules . . .	42	



**SCHEDULE EIC**  
**(Form 1040A or 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Earned Income Credit**  
**(Qualifying Child Information)**

- **Attach to Form 1040A or 1040.**  
► **See instructions on back.**

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **43**

Name(s) shown on return: First and initial(s)

Last

Your social security number

**Before you begin . . .**

- See the instructions for Form 1040A, lines 29c and 29d, or Form 1040, lines 56a and 56b, to find out if you can take this credit.
- If you can take the credit, fill in the Earned Income Credit Worksheet in the Form 1040A or Form 1040 instructions to figure your credit. **But if you want the IRS to figure it for you, see instructions on back.**

**Then, you must** complete and attach Schedule EIC only if you have a qualifying child (see boxes on back).

**Information About Your Qualifying Child or Children**

If you have more than two qualifying children, you only have to list two to get the maximum credit.

**Caution:** If you do not attach Schedule EIC and fill in all the lines that apply, it will take us longer to process your return and issue your refund.

	Child 1		Child 2	
	First name	Last name	First name	Last name
1 Child's name . . . . .				
2 Child's year of birth . . . . .	19		19	
3 If the child was born <b>before 1979</b> AND—				
a was <b>under age 24</b> at the end of 1997 and a student, check the "Yes" box, <b>OR</b> . . .	<input type="checkbox"/>	Yes	<input type="checkbox"/>	Yes
b was permanently and totally disabled (see back), check the "Yes" box . . . . .	<input type="checkbox"/>	Yes	<input type="checkbox"/>	Yes
4 Enter the child's social security number . . . . .				
5 Child's relationship to you (for example, son, grandchild, etc.) . .				
6 Number of months child lived with you in the United States in 1997 . .				

**TIP:**

Do you want the earned income credit added to your take-home pay in 1998? To see if you qualify, get **Form W-5** from your employer or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions.

Cat. No. 13339M

Schedule EIC (Form 1040A or 1040) 1997

**SCHEDULE F**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Farming**

► Attach to Form 1040, Form 1041, or Form 1065.

► See Instructions for Schedule F (Form 1040).

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **14**

Name of proprietor		Social security number (SSN)	
A Principal product. Describe in one or two words your principal crop or activity for the current tax year.		B Enter principal agricultural activity code (from page 2) ▶	
C Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual		D Employer ID number (EIN), if any	

E Did you "materially participate" in the operation of this business during 1997? If "No," see page F-2 for limit on passive losses. ☐ Yes ☐ No

**Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method taxpayers complete Parts II and III, and line 11 of Part I.)**  
**Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.**

1	Sales of livestock and other items you bought for resale	1		
2	Cost or other basis of livestock and other items reported on line 1	2		
3	Subtract line 2 from line 1	3		
4	Sales of livestock, produce, grains, and other products you raised	4		
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a		
5b	Taxable amount	5b		
6a	Agricultural program payments (see page F-2)	6a		
6b	Taxable amount	6b		
7	Commodity Credit Corporation (CCC) loans (see page F-2):			
a	CCC loans reported under election	7a		
b	CCC loans forfeited	7b		
7c	Taxable amount	7c		
8	Crop insurance proceeds and certain disaster payments (see page F-2):			
a	Amount received in 1997	8a		
8b	Taxable amount	8b		
c	If election to defer to 1998 is attached, check here <input type="checkbox"/>	8d	Amount deferred from 1996	
9	Custom hire (machine work) income	9		
10	Other income, including Federal and state gasoline or fuel tax credit or refund (see page F-3)	10		
11	Gross income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from page 2, line 51	11		

**Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.**

12	Car and truck expenses (see page F-3—also attach Form 4562)	12		
13	Chemicals	13		
14	Conservation expenses (see page F-4)	14		
15	Custom hire (machine work)	15		
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16		
17	Employee benefit programs other than on line 25	17		
18	Feed purchased	18		
19	Fertilizers and lime	19		
20	Freight and trucking	20		
21	Gasoline, fuel, and oil	21		
22	Insurance (other than health)	22		
23	Interest:			
a	Mortgage (paid to banks, etc.)	23a		
b	Other	23b		
24	Labor hired (less employment credits)	24		
25	Pension and profit-sharing plans	25		
26	Rent or lease (see page F-4):			
a	Vehicles, machinery, and equipment	26a		
b	Other (land, animals, etc.)	26b		
27	Repairs and maintenance	27		
28	Seeds and plants purchased	28		
29	Storage and warehousing	29		
30	Supplies purchased	30		
31	Taxes	31		
32	Utilities	32		
33	Veterinary, breeding, and medicine	33		
34	Other expenses (specify):			
a	.....	34a		
b	.....	34b		
c	.....	34c		
d	.....	34d		
e	.....	34e		
f	.....	34f		
35	Total expenses. Add lines 12 through 34f	35		
36	Net farm profit or (loss). Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and ALSO on Schedule SE, line 1. If a loss, you MUST go on to line 37 (estates, trusts, and partnerships, see page F-5).	36		
37	If you have a loss, you MUST check the box that describes your investment in this activity (see page F-5). If you checked 37a, enter the loss on Form 1040, line 18, and ALSO on Schedule SE, line 1. If you checked 37b, you MUST attach Form 6198.			
		37a	<input type="checkbox"/> All investment is at risk.	
		37b	<input type="checkbox"/> Some investment is not at risk.	

**Part III Farm Income—Accrual Method** (see page F-5)

**Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797 and do not include this livestock on line 46 below.**

<b>38</b>	Sales of livestock, produce, grains, and other products during the year . . . . .	<b>38</b>		
<b>39a</b>	Total cooperative distributions (Form(s) 1099-PATR) <b>39a</b>	<b>39b</b>	Taxable amount	<b>39b</b>
<b>40a</b>	Agricultural program payments . . . . . <b>40a</b>	<b>40b</b>	Taxable amount	<b>40b</b>
<b>41</b>	Commodity Credit Corporation (CCC) loans:			
<b>a</b>	CCC loans reported under election . . . . .	<b>41a</b>		
<b>b</b>	CCC loans forfeited . . . . . <b>41b</b>	<b>41c</b>	Taxable amount	<b>41c</b>
<b>42</b>	Crop insurance proceeds . . . . .	<b>42</b>		
<b>43</b>	Custom hire (machine work) income . . . . .	<b>43</b>		
<b>44</b>	Other income, including Federal and state gasoline or fuel tax credit or refund . . . . .	<b>44</b>		
<b>45</b>	Add amounts in the right column for lines 38 through 44 . . . . .	<b>45</b>		
<b>46</b>	Inventory of livestock, produce, grains, and other products at beginning of the year. . . . . <b>46</b>			
<b>47</b>	Cost of livestock, produce, grains, and other products purchased during the year. . . . . <b>47</b>			
<b>48</b>	Add lines 46 and 47 . . . . . <b>48</b>			
<b>49</b>	Inventory of livestock, produce, grains, and other products at end of year <b>49</b>			
<b>50</b>	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48* . . . . .	<b>50</b>		
<b>51</b>	<b>Gross income.</b> Subtract line 50 from line 45. Enter the result here and on page 1, line 11 . . . . . ▶	<b>51</b>		

\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51.

**Part IV Principal Agricultural Activity Codes**

**Caution:** File **Schedule C** (Form 1040), *Profit or Loss From Business*, or **Schedule C-EZ** (Form 1040), *Net Profit From Business*, instead of Schedule F if:

- Your principal source of income is from providing agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or
- You are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

Select one of the following codes and write the 3-digit number on page 1, line B:

- 120 Field crop**, including grains and nongrains such as cotton, peanuts, feed corn, wheat, tobacco, Irish potatoes, etc.
- 160 Vegetables and melons**, garden-type vegetables and melons, such as sweet corn, tomatoes, squash, etc.
- 170 Fruit and tree nuts**, including grapes, berries, olives, etc.
- 180 Ornamental floriculture and nursery products**

- 185 Food crops grown under cover**, including hydroponic crops
- 211 Beefcattle feedlots**
- 212 Beefcattle**, except feedlots
- 215 Hogs, sheep, and goats**
- 240 Dairy**
- 250 Poultry and eggs**, including chickens, ducks, pigeons, quail, etc.
- 260 General livestock**, not specializing in any one livestock category
- 270 Animal specialty**, including bees, fur-bearing animals, horses, snakes, etc.
- 280 Animal aquaculture**, including fish, shellfish, mollusks, frogs, etc., produced within confined space
- 290 Forest products**, including forest nurseries and seed gathering, extraction of pine gum, and gathering of forest products
- 300 Agricultural production**, not specified



**SCHEDULE H  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Household Employment Taxes**

(For Social Security, Medicare, Withheld Income, and Federal Unemployment (FUTA) Taxes)

▶ **Attach to Form 1040, 1040A, 1040NR, 1040NR-EZ, 1040-SS, or 1041.**

▶ **See separate instructions.**

OMB No. 1545-0074

**1997**

Attachment  
Sequence No. **44**

Name of employer

Social security number

Employer identification number

**A** Did you pay **any one** household employee cash wages of \$1,000 or more in 1997? (If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions on page 3 before you answer this question.)

☐ **Yes.** Skip questions B and C and go to line 1.

☐ **No.** Go to question B.

**B** Did you withhold Federal income tax during 1997 for any household employee?

☐ **Yes.** Skip question C and go to line 5.

☐ **No.** Go to question C.

**C** Did you pay **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 1996 or 1997 to household employees? (**Do not** count cash wages paid in 1996 or 1997 to your spouse, your child under age 21, or your parent.)

☐ **No. Stop.** Do not file this schedule.

☐ **Yes.** Skip lines 1-9 and go to line 10 on the back.

**Part I Social Security, Medicare, and Income Taxes**

1	Total cash wages subject to social security taxes (see page 3)	1		
2	Social security taxes. Multiply line 1 by 12.4% (.124)	2		
3	Total cash wages subject to Medicare taxes (see page 3)	3		
4	Medicare taxes. Multiply line 3 by 2.9% (.029)	4		
5	Federal income tax withheld, if any	5		
6	Add lines 2, 4, and 5	6		
7	Advance earned income credit (EIC) payments, if any	7		
8	<b>Total social security, Medicare, and income taxes.</b> Subtract line 7 from line 6	8		

**9** Did you pay **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 1996 or 1997 to household employees? (**Do not** count cash wages paid in 1996 or 1997 to your spouse, your child under age 21, or your parent.)

☐ **No. Stop.** Enter the amount from line 8 above on Form 1040, line 52, or Form 1040A, line 27. If you are not required to file Form 1040 or 1040A, see the line 9 instructions on page 4.

☐ **Yes.** Go to line 10 on the back.

**Part II Federal Unemployment (FUTA) Tax**

	Yes	No
<b>10</b> Did you pay unemployment contributions to only one state? . . . . .		
<b>11</b> Did you pay all state unemployment contributions for 1997 by April 15, 1998? Fiscal year filers, see page 4 . . . . .		
<b>12</b> Were all wages that are taxable for FUTA tax also taxable for your state's unemployment tax? . . . . .		

**Next:** If you answered "Yes" to **all** of the questions above, complete Section A.

If you answered "No" to **any** of the questions above, skip Section A and complete Section B.

**Section A**

<b>13</b> Name of the state where you paid unemployment contributions ▶ . . . . .		
<b>14</b> State reporting number as shown on state unemployment tax return ▶ . . . . .		
<b>15</b> Contributions paid to your state unemployment fund (see page 4) . . . . .	15	
<b>16</b> Total cash wages subject to FUTA tax (see page 4) . . . . .	16	
<b>17 FUTA tax.</b> Multiply line 16 by .008. Enter the result here, skip Section B, and go to line 26 . . . . .	17	

**Section B**

**18** Complete all columns below that apply (if you need more space, see page 4):

(a) Name of state	(b) State reporting number as shown on state unemployment tax return	(c) Taxable wages (as defined in state act)	(d) State experience rate period		(e) State experience rate	(f) Multiply col. (c) by .054	(g) Multiply col. (c) by col. (e)	(h) Subtract col. (g) from col. (f). If zero or less, enter -0-.	(i) Contributions paid to state unemployment fund
			From	To					

<b>19</b> Totals . . . . .	19	
<b>20</b> Add columns (h) and (i) of line 19 . . . . .	20	
<b>21</b> Total cash wages subject to FUTA tax (see the line 16 instructions on page 4) . . . . .	21	
<b>22</b> Multiply line 21 by 6.2% (.062) . . . . .	22	
<b>23</b> Multiply line 21 by 5.4% (.054) . . . . .	23	
<b>24</b> Enter the <b>smaller</b> of line 20 or line 23 . . . . .	24	
<b>25 FUTA tax.</b> Subtract line 24 from line 22. Enter the result here and go to line 26 . . . . .	25	

**Part III Total Household Employment Taxes**

<b>26</b> Enter the amount from line 8 . . . . .	26	
<b>27</b> Add line 17 (or line 25) and line 26 . . . . .	27	
<b>28</b> Are you required to file Form 1040 or 1040A?		
<input type="checkbox"/> <b>Yes.</b> <b>Stop.</b> Enter the amount from line 27 above on Form 1040, line 52, or Form 1040A, line 27. <b>Do not</b> complete Part IV below.		
<input type="checkbox"/> <b>No.</b> You may have to complete Part IV. See page 4 for details.		

**Part IV Address and Signature—Complete this part only if required. See the line 28 instructions on page 4.**

Address (number and street) or P.O. box if mail is not delivered to street address	Apt., room, or suite no.
City, town or post office, state, and ZIP code	

Under penalties of perjury, I declare that I have examined this schedule, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete. No part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Employer's signature	Date
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**Schedule R**  
**(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)**Credit for the Elderly or the Disabled**

OMB No. 1545-0074

**1997**Attachment  
Sequence No. **16**▶ **Attach to Form 1040.**▶ **See separate instructions for Schedule R.**

Name(s) shown on Form 1040

Your social security number

You may be able to take this credit and reduce your tax if by the end of 1997:

- You were age 65 or older, **OR**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule R.

**TIP:** In most cases, the IRS can figure the credit for you. See the instructions.**Part I** Check the Box for Your Filing Status and Age

If your filing status is:	And by the end of 1997:	Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input type="checkbox"/>
	2 You were under 65 and you retired on permanent and total disability . . . . .	2 <input type="checkbox"/>
Married filing a joint return	3 Both spouses were 65 or older . . . . .	3 <input type="checkbox"/>
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
	5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input type="checkbox"/>
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
	7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
Married filing a separate return	8 You were 65 or older and you lived apart from your spouse for all of 1997 . . . . .	8 <input type="checkbox"/>
	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1997 . . . . .	9 <input type="checkbox"/>

**Did you check  
box 1, 3, 7,  
or 8?**

Yes —————▶ Skip Part II and complete Part III on back.

No —————▶ Complete Parts II and III.

**Part II** Statement of Permanent and Total Disability (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)**IF: 1** You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND****2** Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1997, check this box . . . . . ▶ ☐

- If you checked this box, you do not have to file another statement for 1997.
- If you **did not** check this box, have your physician complete the statement below.

**Physician's Statement** (See instructions on back.)I certify that \_\_\_\_\_  
Name of disabled personwas permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired. ▶ \_\_\_\_\_**Physician:** Sign your name on **either** line A or B below.**A** The disability has lasted or can be expected to last continuously for at least a year . . . . .

Physician's signature

Date

**B** There is no reasonable probability that the disabled condition will ever improve . . . . .

Physician's signature

Date

Physician's name

Physician's address

**Part III** Figure Your Credit

<b>10</b>	<b>If you checked (in Part I):</b> Box 1, 2, 4, or 7 . . . . . \$5,000 Box 3, 5, or 6 . . . . . \$7,500 Box 8 or 9 . . . . . \$3,750	<b>Enter:</b>							
	<b>Did you check box 2, 4, 5, 6, or 9 in Part I?</b>	<b>Yes</b> . . . . .	<b>No</b> . . . . .	You <b>must</b> complete line 11. Enter the amount from line 10 on line 12 and go to line 13.					
<b>11</b>	<b>If you checked:</b> • Box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total. • Box 2, 4, or 9 in Part I, enter your taxable disability income. • Box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total. <b>TIP:</b> For more details on what to include on line 11, see the instructions.								
<b>12</b>	If you completed line 11, enter the <b>smaller</b> of line 10 or line 11; <b>all others</b> , enter the amount from line 10 . . . . .								
<b>13</b>	Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1997:								
<b>a</b>	Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions.								
<b>b</b>	Nontaxable veterans' pensions, and Any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions.								
<b>c</b>	Add lines 13a and 13b. (Even though these income items are not taxable, they <b>must</b> be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c . . . . .								
<b>14</b>	Enter the amount from Form 1040, line 33 . . . . .								
<b>15</b>	<b>If you checked (in Part I):</b> Box 1 or 2 . . . . . \$7,500 Box 3, 4, 5, 6, or 7 . . . . . \$10,000 Box 8 or 9 . . . . . \$5,000	<b>Enter:</b>							
<b>16</b>	Subtract line 15 from line 14. If zero or less, enter -0- . . . . .								
<b>17</b>	Enter one-half of line 16 . . . . .								
<b>18</b>	Add lines 13c and 17 . . . . .								
<b>19</b>	Subtract line 18 from line 12. If zero or less, <b>stop</b> ; you <b>cannot</b> take the credit. Otherwise, go to line 20 . . . . .								
<b>20</b>	Multiply line 19 by 15% (.15). Enter the result here and on Form 1040, line 41. <b>Caution:</b> If you file Schedule C, C-EZ, D, E, or F (Form 1040), your credit may be limited. See the instructions for line 20 for the amount of credit you can claim . . . . .								

**Instructions for Physician's Statement****Taxpayer**

If you retired after 1976, enter the date you retired in the space provided in Part II.

**Physician**

A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and

2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.





SCHEDULE SE  
(Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

Self-Employment Tax

► See Instructions for Schedule SE (Form 1040).

► Attach to Form 1040.

OMB No. 1545-0074

1997

Attachment  
Sequence No. 17

Name of person with self-employment income (as shown on Form 1040)

Social security number of person  
with self-employment income ►

Who Must File Schedule SE

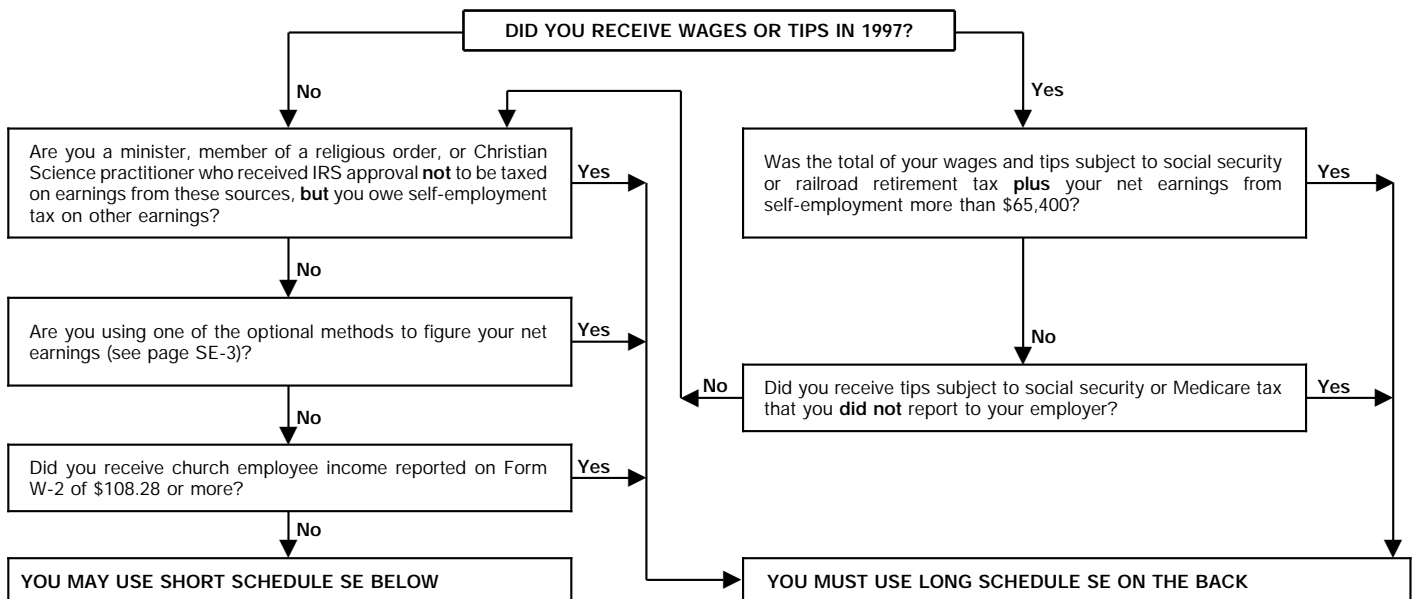
You must file Schedule SE if:

- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **OR**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order **is not** church employee income. See page SE-1.

**Note:** Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE. See page SE-3.

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 47.

May I Use Short Schedule SE or MUST I Use Long Schedule SE?



Section A—Short Schedule SE. Caution: Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a . . . . .	1		
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report . . . . .	2		
3	Combine lines 1 and 2 . . . . .	3		
4	<b>Net earnings from self-employment.</b> Multiply line 3 by 92.35% (.9235). If less than \$400, <b>do not</b> file this schedule; you do not owe self-employment tax . . . . . ►	4		
5	<b>Self-employment tax.</b> If the amount on line 4 is: • \$65,400 or less, multiply line 4 by 15.3% (.153). Enter the result here and on <b>Form 1040, line 47.</b> • More than \$65,400, multiply line 4 by 2.9% (.029). Then, add \$8,109.60 to the result. Enter the total here and on <b>Form 1040, line 47.</b>	5		
6	<b>Deduction for one-half of self-employment tax.</b> Multiply line 5 by 50% (.5). Enter the result here and on <b>Form 1040, line 26</b> . . . . .	6		

Name of person with **self-employment** income (as shown on Form 1040)Social security number of person  
with **self-employment** income ▶**Section B—Long Schedule SE****Part I Self-Employment Tax**

**Note:** If your only income subject to self-employment tax is **church employee income**, skip lines 1 through 4b. Enter -0- on line 4c and go to line 5a. Income from services you performed as a minister or a member of a religious order is **not** church employee income. See page SE-1.

- A** If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had \$400 or more of **other** net earnings from self-employment, check here and continue with Part I. ☐

<b>1</b> Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. <b>Note:</b> Skip this line if you use the farm optional method. See page SE-3 . . . . .	<b>1</b>		
<b>2</b> Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a (other than farming). Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report. <b>Note:</b> Skip this line if you use the nonfarm optional method. See page SE-3. . . . .	<b>2</b>		
<b>3</b> Combine lines 1 and 2 . . . . .	<b>3</b>		
<b>4a</b> If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3 . . . . .	<b>4a</b>		
<b>4b</b> If you elected one or both of the optional methods, enter the total of lines 15 and 17 here . . . . .	<b>4b</b>		
<b>4c</b> Combine lines 4a and 4b. If less than \$400, <b>do not</b> file this schedule; you do not owe self-employment tax. <b>Exception.</b> If less than \$400 and you had <b>church employee income</b> , enter -0- and continue ▶ . . . . .	<b>4c</b>		
<b>5a</b> Enter your <b>church employee income</b> from Form W-2. <b>Caution:</b> See page SE-1 for definition of church employee income . . . . .	<b>5a</b>		
<b>5b</b> Multiply line 5a by 92.35% (.9235). If less than \$100, enter -0- . . . . .	<b>5b</b>		
<b>6</b> <b>Net earnings from self-employment.</b> Add lines 4c and 5b . . . . .	<b>6</b>		
<b>7</b> Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 1997 . . . . .	<b>7</b>	65,400	00
<b>8a</b> Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation . . . . .	<b>8a</b>		
<b>8b</b> Unreported tips subject to social security tax (from Form 4137, line 9) . . . . .	<b>8b</b>		
<b>8c</b> Add lines 8a and 8b . . . . .	<b>8c</b>		
<b>9</b> Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 . ▶ . . . . .	<b>9</b>		
<b>10</b> Multiply the <b>smaller</b> of line 6 or line 9 by 12.4% (.124) . . . . .	<b>10</b>		
<b>11</b> Multiply line 6 by 2.9% (.029). . . . .	<b>11</b>		
<b>12</b> <b>Self-employment tax.</b> Add lines 10 and 11. Enter here and on <b>Form 1040, line 47</b> . . . . .	<b>12</b>		
<b>13</b> <b>Deduction for one-half of self-employment tax.</b> Multiply line 12 by 50% (.5). Enter the result here and on <b>Form 1040, line 26</b> . . . . .	<b>13</b>		

**Part II Optional Methods To Figure Net Earnings** (See page SE-3.)**Farm Optional Method.** You may use this method **only** if:

- Your gross farm income<sup>1</sup> was not more than \$2,400, **or**
- Your gross farm income<sup>1</sup> was more than \$2,400 and your net farm profits<sup>2</sup> were less than \$1,733.

<b>14</b> Maximum income for optional methods . . . . .	<b>14</b>	1,600	00
<b>15</b> Enter the <b>smaller</b> of: two-thirds ( $\frac{2}{3}$ ) of gross farm income <sup>1</sup> (not less than zero) <b>or</b> \$1,600. Also, include this amount on line 4b above . . . . .	<b>15</b>		

**Nonfarm Optional Method.** You may use this method **only** if:

- Your net nonfarm profits<sup>3</sup> were less than \$1,733 and also less than 72.189% of your gross nonfarm income,<sup>4</sup> **and**
- You had net earnings from self-employment of at least \$400 in 2 of the prior 3 years.

**Caution:** You may use this method no more than five times.

<b>16</b> Subtract line 15 from line 14 . . . . .	<b>16</b>		
<b>17</b> Enter the <b>smaller</b> of: two-thirds ( $\frac{2}{3}$ ) of gross nonfarm income <sup>4</sup> (not less than zero) <b>or</b> the amount on line 16. Also, include this amount on line 4b above . . . . .	<b>17</b>		

<sup>1</sup>From Schedule F, line 11, and Schedule K-1 (Form 1065), line 15b.<sup>3</sup>From Schedule C, line 31; Schedule C-EZ, line 3; and Schedule K-1 (Form 1065), line 15a.<sup>2</sup>From Schedule F, line 36, and Schedule K-1 (Form 1065), line 15a.<sup>4</sup>From Schedule C, line 7; Schedule C-EZ, line 1; and Schedule K-1 (Form 1065), line 15c.

Label (See page 14.) Use the IRS label. Otherwise, please print in ALL CAPITAL LETTERS.

OMB No. 1545-0085

L A B E L  H E R E	Your first name	Init.	Last name
	If a joint return, spouse's first name	Init.	Last name
	Home address (number and street). If you have a P.O. box, see page 14.		Apt. no.
	City, town or post office. If you have a foreign address, see page 14.		State ZIP code

Your social security number								
Spouse's social security number								

For Privacy Act and Paperwork Reduction Act Notice, see page 42.

Presidential Election Campaign Fund (See page 14.)

Do you want \$3 to go to this fund?

If a joint return, does your spouse want \$3 to go to this fund?

Yes	No

Note: Checking "Yes" will not change your tax or reduce your refund.

- 1 ☐ Single
- 2 ☐ Married filing joint return (even if only one had income)
- 3 ☐ Married filing separate return. Enter spouse's social security number above and full name here. ►
- 4 ☐ Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here. ►
- 5 ☐ Qualifying widow(er) with dependent child (year spouse died ► 19 ). (See page 16.)

6a ☐ Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

No. of boxes checked on 6a and 6b

b ☐ Spouse

c Dependents. If more than six dependents, see page 16.

(1) First name

Last name

(2) Dependent's social security number

(3) Dependent's relationship to you

(4) No. of months lived in your home in 1997

No. of your children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see page 17)

Dependents on 6c not entered above

Add numbers entered in boxes above

d Total number of exemptions claimed

7 Wages, salaries, tips, etc. Attach Form(s) W-2.

8a Taxable interest income. Attach Schedule 1 if required.

b Tax-exempt interest. DO NOT include on line 8a.

8b

9 Dividends. Attach Schedule 1 if required.

10a Total IRA distributions.

10a

10b Taxable amount (see page 19).

10b

11a Total pensions and annuities.

11a

11b Taxable amount (see page 19).

11b

12 Unemployment compensation.

12

13a Social security benefits.

13a

13b Taxable amount (see page 21).

13b

14 Add lines 7 through 13b (far right column). This is your total income.

14

15 IRA deduction (see page 21).

15

16 Subtract line 15 from line 14. This is your adjusted gross income. If under \$29,290 (under \$9,770 if a child did not live with you), see the EIC instructions on page 27.

16

Attach Copy B of W-2 and 1099-R here.

Cat. No. 11327A

1997 Form 1040A

17 Enter the amount from line 16.

17

18a Check if: ☐ You were 65 or older ☐ Blind ☐ Spouse was 65 or older ☐ Blind Enter number of boxes checked ▶ 18a

b If you are married filing separately and your spouse itemizes deductions, see page 23 and check here ▶ 18b

19 Enter the **standard deduction** for your filing status. **But** see page 24 if you checked any box on line 18a or 18b **OR** someone can claim you as a dependent.

- Single—4,150 • Married filing jointly or Qualifying widow(er)—6,900
- Head of household—6,050 • Married filing separately—3,450

19

20 Subtract line 19 from line 17. If line 19 is more than line 17, enter 0.

20

21 Multiply \$2,650 by the total number of exemptions claimed on line 6d.

21

22 Subtract line 21 from line 20. If line 21 is more than line 20, enter 0. This is your **taxable income**. If you want the IRS to figure your tax, see page 24. ▶ 22

23 Find the tax on the amount on line 22 (see page 24).

23

24a Credit for child and dependent care expenses. Attach Schedule 2.

24a

b Credit for the elderly or the disabled. Attach Schedule 3.

24b

c Adoption credit. Attach Form 8839.

24c

d Add lines 24a, 24b, and 24c. These are your **total credits**.

24d

25 Subtract line 24d from line 23. If line 24d is more than line 23, enter 0.

25

26 Advance earned income credit payments from Form(s) W-2.

26

27 Household employment taxes. Attach Schedule H.

27

28 Add lines 25, 26, and 27. This is your **total tax**. ▶ 28

29a Total Federal income tax withheld from Forms W-2 and 1099.

29a

b 1997 estimated tax payments and amount applied from 1996 return.

29b

c **Earned income credit**. Attach Schedule EIC if you have a qualifying child.

29c

d Nontaxable earned income: amount ▶ and type ▶

e Add lines 29a, 29b, and 29c. These are your **total payments**. ▶ 29e

30 If line 29e is more than line 28, subtract line 28 from line 29e. This is the amount you **overpaid**.

30

31a Amount of line 30 you want **refunded to you**. If you want it directly deposited, see page 33 and fill in 31b, 31c, and 31d.

31a

b Routing number c Type: ☐ Checking ☐ Savings

d Account number

32 Amount of line 30 you want **applied to your 1998 estimated tax**. 32

33 If line 28 is more than line 29e, subtract line 29e from line 28. This is the **amount you owe**. For details on how to pay, see page 34.

33

34 Estimated tax penalty (see page 34).

34

**Sign here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature

Date

Your occupation

Keep a copy of this return for your records.

Spouse's signature. If joint return, BOTH must sign.

Date

Spouse's occupation

**Paid preparer's use only**

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN

Firm's name (or yours if self-employed) and address

EIN  
ZIP code



(Form 1040A)

Department of the Treasury—Internal Revenue Service

## Interest and Dividend Income

(99)

## Interest and Dividenda for Form 1040A Filers

1997

OMB No. 1545-0085

Name(s) shown on Form 1040A: First and initial(s)	Last	Your social security number							

**Part I Interest Income** (See pages 18 and 49.)

**Note:** If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, enter the firm's name and the total interest shown on that form.

- 1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page 49 and list this interest first. Also, show that buyer's social security number and address.

	Dollars	Cents
<b>1</b> show that buyer's social security number and address.		
<b>2</b> Add the amounts on line 1.		
<b>3</b> Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You <b>must</b> attach Form 8815 to Form 1040A.		
<b>4</b> Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.		

**Part II Dividend Income** (See pages 19 and 49.)

**Note:** If you received a Form 1099-DIV or substitute statement from a brokerage firm, enter the firm's name and the total dividends shown on that form.

- 5 List name of payer

[illegible]

Schedule 2  
(Form 1040A)

Department of the Treasury—Internal Revenue Service

Child and Dependent Care  
Expenses for Form 1040A Filers (99) 1997

OMB No. 1545-0085

Name(s) shown on Form 1040A: First and initial(s)	Last	Your social security number

Before you begin, you need to understand the following terms. See **Definitions** on page 50.

- Dependent Care Benefits
- Qualifying Person(s)
- Qualified Expenses
- Earned Income

**Part I** Persons or Organizations Who Provided the Care—You must complete this part.  
(If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see page 51)

Did you receive dependent care benefits?

- No —————> Complete only Part II below.  
Yes —————> Complete Part III on the back next.

**Caution:** If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040A, line 27, on page 25.

**Part II** Credit for Child and Dependent Care Expenses

**2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see page 51.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 1997 for the person listed in column (a)
First	Last		

**3** Add the amounts in column (c) of line 2. DO NOT enter more than 2,400 for one qualifying person or 4,800 for two or more persons. If you completed Part III, enter the amount from line 24.

3

--	--	--	--	--	--

**4** Enter YOUR **earned income**.

4

--	--	--	--	--	--

**5** If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see page 52); **all others**, enter the amount from line 4.

5

--	--	--	--	--	--

**6** Enter the **smallest** of line 3, 4, or 5.

6

--	--	--	--	--	--

**7** Enter the amount from Form 1040A, line 17.

7

--	--	--	--	--	--

**8** Enter on line 8 the decimal amount shown below that applies to the amount on line 7.

If line 7 is—		Decimal amount is	If line 7 is—		Decimal amount is
Over	But not over		Over	But not over	
\$0—10,000		.30	\$20,000—22,000		.24
10,000—12,000		.29	22,000—24,000		.23
12,000—14,000		.28	24,000—26,000		.22
14,000—16,000		.27	26,000—28,000		.21
16,000—18,000		.26	28,000—No limit		.20
18,000—20,000		.25			

8

×

--	--

**9** Multiply **line 6** by the decimal amount on line 8. Enter the result. Then, see page 52 for the amount of credit to enter on Form 1040A, line 24a.

9

--	--	--	--	--	--

**Part III Dependent Care Benefits**

<b>10</b>	Enter the total amount of <b>dependent care benefits</b> you received for 1997. This amount should be shown in box 10 of your W-2 form(s). DO NOT include amounts that were reported to you as wages in box 1 of Form(s) W-2.	<b>10</b>	
<b>11</b>	Enter the amount forfeited, if any. See page 52.	<b>11</b>	
<b>12</b>	Subtract line 11 from line 10.	<b>12</b>	
<b>13</b>	Enter the total amount of <b>qualified expenses</b> incurred in 1997 for the care of the qualifying person(s).	<b>13</b>	
<b>14</b>	Enter the <b>smaller</b> of line 12 or 13.	<b>14</b>	
<b>15</b>	Enter YOUR <b>earned income</b> .	<b>15</b>	
<b>16</b>	If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the line 5 instructions); if married filing a separate return, see the instructions for the amount to enter; <b>all others</b> , enter the amount from line 15.	<b>16</b>	
<b>17</b>	Enter the <b>smallest</b> of line 14, 15, or 16.	<b>17</b>	
<b>18</b>	<b>Excluded benefits.</b> Enter here the <b>smaller</b> of the following: <ul style="list-style-type: none"> <li>• The amount from line 17, or</li> <li>• 5,000 (2,500 if married filing a separate return <b>and</b> you were required to enter your spouse's earned income on line 16).</li> </ul>	<b>18</b>	
<b>19</b>	<b>Taxable benefits.</b> Subtract line 18 from line 12. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, print "DCB."	<b>19</b>	

To claim the child and dependent care credit, complete lines 20–24 below.

<b>20</b>	Enter 2,400 (4,800 if two or more qualifying persons).	<b>20</b>	
<b>21</b>	Enter the amount from line 18.	<b>21</b>	
<b>22</b>	Subtract line 21 from line 20. If zero or less, <b>STOP</b> . You cannot take the credit. <b>Exception.</b> If you paid 1996 expenses in 1997, see the line 9 instructions.	<b>22</b>	
<b>23</b>	Complete line 2 on the front of this schedule. DO NOT include in column (c) any excluded benefits shown on line 18 above. Then, add the amounts in column (c) and enter the total here.	<b>23</b>	
<b>24</b>	Enter the <b>smaller</b> of line 22 or 23. Also, enter this amount on line 3 on the front of this schedule and complete lines 4–9.	<b>24</b>	



## Schedule 3

(Form 1040A)

Department of the Treasury—Internal Revenue Service

**Credit for the Elderly or the Disabled  
for Form 1040A Filers**(99) **1997**

OMB No. 1545-0085

Name(s) shown on Form 1040A: First and initial(s)	Last	Your social security number										
		<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>										

You may be able to take this credit and reduce your tax if by the end of 1997:

- You were age 65 or older, **OR**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3.

**TIP:** In most cases, the IRS can figure the credit for you. See the instructions.**Part I Check the Box for Your Filing Status and Age**

If your filing status is:	And by the end of 1997:	Check only one box:
Single, Head of household, or Qualifying widow(er) with dependent child	1 You were 65 or older . . . . .	1 <input type="checkbox"/>
	2 You were under 65 and you retired on permanent and total disability . . . . .	2 <input type="checkbox"/>
	3 Both spouses were 65 or older . . . . .	3 <input type="checkbox"/>
Married filing a joint return	4 Both spouses were under 65, but only one spouse retired on permanent and total disability . . . . .	4 <input type="checkbox"/>
	5 Both spouses were under 65, and both retired on permanent and total disability . . . . .	5 <input type="checkbox"/>
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability . . . . .	6 <input type="checkbox"/>
	7 One spouse was 65 or older, and the other spouse was under 65 and <b>NOT</b> retired on permanent and total disability . . . . .	7 <input type="checkbox"/>
	8 You were 65 or older and you lived apart from your spouse for all of 1997 . . . . .	8 <input type="checkbox"/>
Married filing a separate return	9 You were under 65, you retired on permanent and total disability, and you lived apart from your spouse for all of 1997 . . . . .	9 <input type="checkbox"/>

**Did you check  
box 1, 3, 7,  
or 8?****Yes** —————> Skip Part II and complete Part III on the back.**No** —————> Complete Parts II and III.**Part II Statement of Permanent and Total Disability** (Complete **only** if you checked box 2, 4, 5, 6, or 9 above.)

- IF:** 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**
- 2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1997, check this box . . . . . ☐
- If you checked this box, you do not have to file another statement for 1997.
  - If you **did not** check this box, have your physician complete the statement below.

**Physician's Statement** (See instructions on back.)I certify that \_\_\_\_\_  
Name of disabled personwas permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after 1976, enter the date retired . . . . . **Physician:** Sign your name on **either** line A or B below.

- A** The disability has lasted or can be expected to last continuously for at least a year . . . . . \_\_\_\_\_  
Physician's signature Date
- B** There is no reasonable probability that the disabled condition will ever improve . . . . . \_\_\_\_\_  
Physician's signature Date

Physician's name \_\_\_\_\_ Physician's address \_\_\_\_\_



Part III Figure Your Credit

10

If you checked (in Part I):

Box 1, 2, 4, or 7 . . . . .

Box 3, 5, or 6 . . . . .

Box 8 or 9 . . . . .

Enter:

5,000

7,500

3,750

10

Did you check box 2, 4, 5, 6, or 9 in Part I?

Yes

No

You **must** complete line 11.

Enter the amount from line 10 on line 12 and go to line 13.

11

• If you checked box 6 in Part I, add \$5,000 to the taxable disability income of the spouse who was under age 65. Enter the total.

• If you checked box 2, 4, or 9 in Part I, enter your taxable disability income.

• If you checked box 5 in Part I, add your taxable disability income to your spouse's taxable disability income. Enter the total.

TIP: For more details on what to include on line 11, see the instructions.

11

12

If you completed line 11, enter the **smaller** of line 10 or line 11; **all others**, enter the amount from line 10.

12

13

Enter the following pensions, annuities, or disability income that you (and your spouse if filing a joint return) received in 1997:

a Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security. See instructions.

13a

b Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law. See instructions.

13b

c Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter 0 on line 13c.

13c

14

Enter the amount from Form 1040A, line 17.

14

15

If you checked (in Part I):

Box 1 or 2 . . . . .

Box 3, 4, 5, 6, or 7 . . . . .

Box 8 or 9 . . . . .

Enter:

7,500

10,000

5,000

15

16

Subtract line 15 from line 14. If zero or less, enter 0.

16

17

Enter one-half of line 16.

17

18

Add lines 13c and 17.

18

19

Subtract line 18 from line 12. If zero or less, **stop**; you **cannot** take the credit. Otherwise, go to line 20.

19

20

Multiply line 19 by 15% (.15). Enter the result here and on Form 1040A, line 24b.

20

Instructions for Physician's Statement

Taxpayer

If you retired after 1976, enter the date you retired in the space provided in Part II.

Physician

A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and

2. A physician determines that the disability has lasted or can be expected to last continuously for at least a year or can lead to death.



Use  
the  
IRS  
label  
here

Your first name and initial

Last name

If a joint return, spouse's first name and initial

Last name

Home address (number and street). If you have a P.O. box, see page 7.

Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 7.

Your social security number

--	--	--	--	--	--	--	--	--	--

Spouse's social security number

--	--	--	--	--	--	--	--	--	--

**Presidential  
Election  
Campaign**  
(See page 7.)**Note:** Checking "Yes" will not change your tax or reduce your refund.

Do you want \$3 to go to this fund? ▶

Yes ☐ No ☐

If a joint return, does your spouse want \$3 to go to this fund? ▶

Yes ☐ No ☐

Dollars

Cents

**Income****Attach  
Copy B of  
Form(s)  
W-2 here.**Enclose but  
do not attach  
any payment  
with your  
return.**Note:** You  
**must** check  
Yes or No.**1** Total wages, salaries, and tips. This should be shown in box 1 of your W-2 form(s). Attach your W-2 form(s). 1**2** Taxable interest income. If the total is over \$400, you cannot use Form 1040EZ. 2**3** Unemployment compensation (see page 9). 3**4** Add lines 1, 2, and 3. This is your **adjusted gross income**. If under \$9,770, see page 9 to find out if you can claim the earned income credit on line 8a. 4**5** Can your parents (or someone else) claim you on their return?  
**Yes.** Enter amount from worksheet ☐ **No.** If **single**, enter 6,800.00. If **married**, enter 12,200.00. See back for explanation. 5**6** Subtract line 5 from line 4. If line 5 is larger than line 4, enter 0. This is your **taxable income**. ▶ 6**Payments  
and tax****7** Enter your Federal income tax withheld from box 2 of your W-2 form(s). 7**8a** **Earned income credit** (see page 9).**b** Nontaxable earned income: enter type and amount below.

Type

\$

8a

**9** Add lines 7 and 8a. These are your **total payments**. 9**10** **Tax.** Use the amount on **line 6** to find your tax in the tax table on pages 20–24 of the booklet. Then, enter the tax from the table on this line. 10**Refund**Have it  
directly  
deposited! See  
page 13 and  
fill in 11b,  
11c, and 11d.**11a** If line 9 is larger than line 10, subtract line 10 from line 9. This is your **refund**. 11a**b** Routing number**c** Type:  
Checking ☐ Savings ☐**d** Account  
number☐☐

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Amount  
you owe****12** If line 10 is larger than line 9, subtract line 9 from line 10. This is the **amount you owe**. See page 13 for details on how to pay. 12

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and accurately lists all amounts and sources of income I received during the tax year.

**Sign  
here** ▶Keep copy for  
your records.

Your signature

Spouse's signature if joint return

Date

Your occupation

Date

Spouse's occupation

For  
Official  
Use  
Only

6	7	8	9	10

**Use this form if**

- Your filing status is single or married filing jointly.
- You do not claim any dependents.
- You had **only** wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest income was not over \$400. **But** if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2, you may not be able to use Form 1040EZ. See page 8.
- You did not receive any advance earned income credit payments.
- You (and your spouse if married) were under 65 on January 1, 1998, and not blind at the end of 1997.
- Your taxable income (line 6) is less than \$50,000.

If you are not sure about your filing status, see page 6. If you have questions about dependents, use TeleTax topic 354 (see page 18). If you **cannot use this form**, use TeleTax topic 352 (see page 18).

**Filling in your return**

For tips on how to avoid common mistakes, see page 3.

Because this form is read by a machine, please print your numbers inside the boxes like this:

9	8	7	6	5	4	3	2	1	0
---	---	---	---	---	---	---	---	---	---

Do not type your numbers. Do not use dollar signs.

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal income tax withheld or if Federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

**Remember**, you must report all wages, salaries, and tips even if you do not get a W-2 form from your employer. You must also report all your taxable interest income, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

**Worksheet for dependents who checked "Yes" on line 5**

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 18).

- |   |                        |
|---|------------------------|
| <b>A.</b> Enter the amount from line 1 on the front.  | <b>A.</b> _____        |
| <b>B.</b> Minimum standard deduction.   | <b>B.</b> _____ 650.00 |
| <b>C.</b> Enter the LARGER of line A or line B here.  | <b>C.</b> _____        |
| <b>D.</b> Maximum standard deduction. If single, enter 4,150.00; if married, enter 6,900.00.  | <b>D.</b> _____        |
| <b>E.</b> Enter the SMALLER of line C or line D here. This is your standard deduction.  | <b>E.</b> _____        |
| <b>F.</b> Exemption amount. <ul style="list-style-type: none"> <li>• If single, enter 0.</li> <li>• If married and—             <ul style="list-style-type: none"> <li>—both you and your spouse can be claimed as dependents, enter 0.</li> <li>—only one of you can be claimed as a dependent, enter 2,650.00.</li> </ul> </li> </ul> | <b>F.</b> _____        |
| <b>G.</b> Add lines E and F. Enter the total here and on line 5 on the front.   | <b>G.</b> _____        |

**If you checked "No" on line 5** because no one can claim you (or your spouse if married) as a dependent, enter on line 5 the amount shown below that applies to you.

- Single, enter 6,800.00. This is the total of your standard deduction (4,150.00) and your exemption (2,650.00).
- Married, enter 12,200.00. This is the total of your standard deduction (6,900.00), your exemption (2,650.00), and your spouse's exemption (2,650.00).

**Mailing your return**

Mail your return by **April 15, 1998**. Use the envelope that came with your booklet. If you do not have that envelope, see page 28 for the address to use.

**Paid preparer's use only**

See page 14.


Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income received during the tax year. This declaration is based on all information of which I have any knowledge.

Preparer's signature 

Date

Check if self-employed ☐

Preparer's SSN

Firm's name (or yours if self-employed) and address 

EIN

ZIP code



☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code		<b>1</b> Gross distribution \$		OMB No. 1545-0119 <b>1997</b> Form <b>1099-R</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
		<b>2a</b> Taxable amount \$				
		<b>2b</b> Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>		
PAYER'S Federal identification number	RECIPIENT'S identification number	<b>3</b> Capital gain (included in box 2a) \$		<b>4</b> Federal income tax withheld \$		<b>Copy B</b> Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.
RECIPIENT'S name  Street address (including apt. no.)  City, state, and ZIP code		<b>5</b> Employee contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$		
		<b>7</b> Distribution code	IRA/SEP/SIMPLE <input type="checkbox"/>	<b>8</b> Other \$	%	
		<b>9a</b> Your percentage of total distribution %		<b>9b</b> Total employee contributions \$		
Account number (optional)		<b>10</b> State tax withheld \$ \$		<b>11</b> State/Payer's state no.		<b>12</b> State distribution \$ \$
		<b>13</b> Local tax withheld \$ \$		<b>14</b> Name of locality		<b>15</b> Local distribution \$ \$

Form **1099-R**

Department of the Treasury - Internal Revenue Service

<b>a</b> Control number		OMB No. 1545-0008				
<b>b</b> Employer's identification number			<b>1</b> Wages, tips, other compensation		<b>2</b> Federal income tax withheld	
<b>c</b> Employer's name, address, and ZIP code			<b>3</b> Social security wages		<b>4</b> Social security tax withheld	
			<b>5</b> Medicare wages and tips		<b>6</b> Medicare tax withheld	
			<b>7</b> Social security tips		<b>8</b> Allocated tips	
<b>d</b> Employee's social security number			<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits	
<b>e</b> Employee's name, address, and ZIP code			<b>11</b> Nonqualified plans		<b>12</b> Benefits included in box 1	
			<b>13</b> See Instrs. for box 13		<b>14</b> Other	
			<b>15</b> Statutory employee <input type="checkbox"/> Deceased <input type="checkbox"/> Pension plan <input type="checkbox"/> Legal rep. <input type="checkbox"/> Hshld. emp. <input type="checkbox"/> Subtotal <input type="checkbox"/> Deferred compensation <input type="checkbox"/>			
<b>16</b> State Employer's state I.D. No.		<b>17</b> State wages, tips, etc.	<b>18</b> State income tax	<b>19</b> Locality name	<b>20</b> Local wages, tips, etc.	<b>21</b> Local income tax

Department of the Treasury—Internal Revenue Service

Form **W-2** Wage and Tax Statement **1997**  
Copy B To Be Filed With Employee's FEDERAL Tax Return

This information is being furnished  
to the Internal Revenue Service.

☐ CORRECTED (if checked)

OMB No. 1545-0238

1997

**Form W-2G**

**Certain  
Gambling  
Winnings**

PAYER'S name, address, ZIP code, Federal identification number, and telephone number	1 Gross winnings	2 Federal income tax withheld	
	3 Type of wager	4 Date won : : : :	
	5 Transaction	6 Race	
	7 Winnings from identical wagers	8 Cashier	
WINNER'S name, address (including apt. no.), and ZIP code	9 Winner's taxpayer identification no.	10 Window	This information is being furnished to the Internal Revenue Service.
	11 First I.D.	12 Second I.D.	
		13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.			
Signature ►		Date ►	

Form **W-2G**

Department of the Treasury - Internal Revenue Service

**Foreign Tax Credit**

(Individual, Estate, Trust, or Nonresident Alien Individual)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.

▶ See separate instructions.

**1997**Attachment  
Sequence No. **19**

Name

Identifying number as shown on page 1 of your tax return

Use a separate Form 1116 for each category of income listed below. See **Categories of Income** on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below. Complete this form for credit for taxes on:

- ☐ **a** Passive income                      ☐ **d** Shipping income                      ☐ **g** Lump-sum distributions (see page 3 of the instructions before completing form)  
☐ **b** High withholding tax interest                      ☐ **e** Dividends from a DISC or former DISC                      ☐ **h** General limitation income—all other income from sources outside the United States (including income from sources within U.S. possessions)  
☐ **c** Financial services income                      ☐ **f** Certain distributions from a foreign sales corporation (FSC) or former FSC

**i** Resident of (name of country) ▶

**Note:** If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to **more than one** foreign country or U.S. possession, use a separate column and line for each country or possession. However, see the exception under **How To Complete Form 1116** on page 1 of the instructions.

**Part I Figuring Taxable Income or Loss From Sources Outside the United States for Category Checked Above**

		Foreign Country or U.S. Possession			Total (Add cols. A, B, and C.)
		A	B	C	
<b>j</b> Enter the name of the foreign country or U.S. possession . . . . . ▶					
<b>1</b> Gross income from sources within country shown above and of the type checked above. See page 5 of the instructions: . . . . .					
					<b>1</b>
<b>Deductions and losses (Caution: See pages 6 and 7 of the instructions):</b>					
<b>2</b> Expenses <b>definitely related</b> to the income on line 1 (attach statement) . . . . .					
<b>3</b> Pro rata share of other deductions <b>not definitely related:</b>					
<b>a</b> Certain itemized deductions or standard deduction. See instructions . . . . .					
<b>b</b> Other deductions (attach statement) . . . . .					
<b>c</b> Add lines 3a and 3b . . . . .					
<b>d</b> Gross foreign source income. See instructions .					
<b>e</b> Gross income from all sources. See instructions					
<b>f</b> Divide line 3d by line 3e. Do not enter more than "1"					
<b>g</b> Multiply line 3c by line 3f . . . . .					
<b>4</b> Pro rata share of interest expense. See instructions:					
<b>a</b> Home mortgage interest. (Use worksheet on page 7 of the instructions) . . . . .					
<b>b</b> Other interest expense . . . . .					
<b>5</b> Losses from foreign sources . . . . .					
<b>6</b> Add lines 2, 3g, 4a, 4b, and 5 . . . . .					<b>6</b>
<b>7</b> Subtract line 6 from line 1. Enter the result here and on line 14, page 2 . . . . . ▶					<b>7</b>

**Part II Foreign Taxes Paid or Accrued (See page 7 of the instructions.)**

Country	Credit is claimed for taxes (you must check one) (k) <input type="checkbox"/> Paid (l) <input type="checkbox"/> Accrued	Foreign taxes paid or accrued							(v) Total foreign taxes paid or accrued (add cols. (r) through (u))	
		In foreign currency				In U.S. dollars				
		Taxes withheld at source on:			(q) Other foreign taxes paid or accrued	Taxes withheld at source on:		(u) Other foreign taxes paid or accrued		
		(m) Date paid or accrued	(n) Dividends	(o) Rents and royalties		(p) Interest	(r) Dividends			(s) Rents and royalties
<b>A</b>										
<b>B</b>										
<b>C</b>										
<b>8</b> Add lines A through C, column (v). Enter the total here and on line 9, page 2 . . . . . ▶										<b>8</b>

**Part III Figuring the Credit**

<b>9</b>	Enter amount from line 8. These are your total foreign taxes paid or accrued for the category of income checked above Part I . . . . .	<b>9</b>		
<b>10</b>	Carryback or carryover (attach detailed computation) . . . . .	<b>10</b>		
<b>11</b>	Add lines 9 and 10 . . . . .	<b>11</b>		
<b>12</b>	Reduction in foreign taxes. See page 7 of the instructions . . . . .	<b>12</b>		
<b>13</b>	Subtract line 12 from line 11. This is the total amount of foreign taxes available for credit . . . . .	<b>13</b>		
<b>14</b>	Enter amount from line 7. This is your taxable income or (loss) from sources outside the United States (before adjustments) for the category of income checked above Part I. See page 8 of the instructions. . . . .	<b>14</b>		
<b>15</b>	Adjustments to line 14. See page 8 of the instructions . . . . .	<b>15</b>		
<b>16</b>	Combine the amounts on lines 14 and 15. This is your net foreign source taxable income. (If the result is zero or less, you have no foreign tax credit for the category of income you checked above Part I. Skip lines 17 through 21.) . . . . .	<b>16</b>		
<b>17</b>	<b>Individuals:</b> Enter amount from Form 1040, line 36. If you are a nonresident alien, enter amount from Form 1040NR, line 35. <b>Estates and trusts:</b> Enter your taxable income without the deduction for your exemption . . . . . <b>Caution:</b> If you figured your tax using the special rates on capital gains, see page 9 of the instructions.	<b>17</b>		
<b>18</b>	Divide line 16 by line 17. If line 16 is more than line 17, enter the figure "1" . . . . .	<b>18</b>		
<b>19</b>	<b>Individuals:</b> Enter amount from Form 1040, line 39, <b>less</b> any amounts on Form 1040, lines 40, 41, 42, and any mortgage interest credit (from Form 8396) and District of Columbia first-time homebuyer credit (from Form 8859) on line 44. If you are a nonresident alien, enter amount from Form 1040NR, line 38, less any amount on Form 1040NR, lines 39, 40, and any mortgage interest credit (from Form 8396) and District of Columbia first-time homebuyer credit (from Form 8859) on line 42. <b>Estates and trusts:</b> Enter amount from Form 1041, Schedule G, line 1c, or Form 990-T, lines 36 and 37 . . . . .	<b>19</b>		
<b>20</b>	Multiply line 19 by line 18 (maximum amount of credit) . . . . .	<b>20</b>		
<b>21</b>	Enter the amount from line 13 or line 20, whichever is <b>smaller</b> . If this is the only Form 1116 you are completing, skip lines 22 through 29 and enter this amount on line 30. Otherwise, complete the appropriate line in Part IV. See page 9 of the instructions . . . . . ▶	<b>21</b>		

**Part IV Summary of Credits From Separate Parts III (See page 9 of the instructions.)**

<b>22</b>	Credit for taxes on passive income . . . . .	<b>22</b>		
<b>23</b>	Credit for taxes on high withholding tax interest . . . . .	<b>23</b>		
<b>24</b>	Credit for taxes on financial services income . . . . .	<b>24</b>		
<b>25</b>	Credit for taxes on shipping income . . . . .	<b>25</b>		
<b>26</b>	Credit for taxes on dividends from a DISC or former DISC . . . . .	<b>26</b>		
<b>27</b>	Credit for taxes on certain distributions from a FSC or former FSC . . . . .	<b>27</b>		
<b>28</b>	Credit for taxes on lump-sum distributions . . . . .	<b>28</b>		
<b>29</b>	Credit for taxes on general limitation income (all other income from sources outside the United States) . . . . .	<b>29</b>		
<b>30</b>	Add lines 22 through 29. . . . .	<b>30</b>		
<b>31</b>	Reduction of credit for international boycott operations. See instructions for line 12 on page 8 . . . . .	<b>31</b>		
<b>32</b>	Subtract line 31 from line 30. This is your foreign tax credit. Enter here and on Form 1040, line 43; Form 1040NR, line 41; Form 1041, Schedule G, line 2a; or Form 990-T, line 39a. . . . . ▶	<b>32</b>		





# Employee Business Expenses

► See separate instructions.

► Attach to Form 1040.

OMB No. 1545-0139

**1997**

Attachment  
Sequence No. **54**

Your name	Social security number	Occupation in which you incurred expenses
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## Part I Employee Business Expenses and Reimbursements

STEP 1 Enter Your Expenses	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
1 Vehicle expense from line 22 or line 29 . . . . .	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . .	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment	3	
4 Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	4	
5 Meals and entertainment expenses (see instructions) . . . . .	5	
6 <b>Total expenses.</b> In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5 . . . . .	6	

**Note:** If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

## STEP 2 Enter Reimbursements Received From Your Employer for Expenses Listed in STEP 1

7 Enter reimbursements received from your employer that were <b>not</b> reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 13 of your Form W-2 (see instructions) . . . . .	7	
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## STEP 3 Figure Expenses To Deduct on Schedule A (Form 1040)

8 Subtract line 7 from line 6 . . . . .	8	
<b>Note:</b> If <b>both columns</b> of line 8 are zero, <b>stop here</b> . If Column A is less than zero, report the amount as income on Form 1040, line 7.		
9 In Column A, enter the amount from line 8. In Column B, multiply the amount on line 8 by 50% (.50). If either column is zero or less, enter -0- in that column . . . . .	9	
10 Add the amounts on line 9 of both columns and enter the total here. <b>Also, enter the total on Schedule A (Form 1040), line 20.</b> (Fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter the total.) . . . . . ►	10	

**Part II Vehicle Expenses** (See instructions to find out which sections to complete.)**Section A—General Information**

		(a) Vehicle 1	(b) Vehicle 2
11	Enter the date vehicle was placed in service . . . . .	11 / /	/ /
12	Total miles vehicle was driven during 1997 . . . . .	12 miles	miles
13	Business miles included on line 12 . . . . .	13 miles	miles
14	Percent of business use. Divide line 13 by line 12 . . . . .	14 %	%
15	Average daily round trip commuting distance . . . . .	15 miles	miles
16	Commuting miles included on line 12 . . . . .	16 miles	miles
17	Other miles. Add lines 13 and 16 and subtract the total from line 12 . . . . .	17 miles	miles
18	Do you (or your spouse) have another vehicle available for personal purposes? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
19	If your employer provided you with a vehicle, is personal use during off-duty hours permitted? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable		
20	Do you have evidence to support your deduction? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
21	If "Yes," is the evidence written? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Section B—Standard Mileage Rate** (Use this section only if you own the vehicle.)

22	Multiply line 13 by 31½¢ (.315). Enter the result here and on line 1. (Rural mail carriers, see instructions.) . . . . .	22	
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**Section C—Actual Expenses**

		(a) Vehicle 1				(b) Vehicle 2			
23	Gasoline, oil, repairs, vehicle insurance, etc. . . . .	23							
24a	Vehicle rentals . . . . .	24a							
b	Inclusion amount (see instructions)	24b							
c	Subtract line 24b from line 24a	24c							
25	Value of employer-provided vehicle (applies only if 100% of annual lease value was included on Form W-2—see instructions)	25							
26	Add lines 23, 24c, and 25 . . . . .	26							
27	Multiply line 26 by the percentage on line 14 . . . . .	27							
28	Depreciation. Enter amount from line 38 below . . . . .	28							
29	Add lines 27 and 28. Enter total here and on line 1 . . . . .	29							

**Section D—Depreciation of Vehicles** (Use this section only if you own the vehicle.)

		(a) Vehicle 1				(b) Vehicle 2			
30	Enter cost or other basis (see instructions) . . . . .	30							
31	Enter amount of section 179 deduction (see instructions) . . . . .	31							
32	Multiply line 30 by line 14 (see instructions if you elected the section 179 deduction) . . . . .	32							
33	Enter depreciation method and percentage (see instructions) . . . . .	33							
34	Multiply line 32 by the percentage on line 33 (see instructions) . . . . .	34							
35	Add lines 31 and 34 . . . . .	35							
36	Enter the limit from the table in the line 36 instructions . . . . .	36							
37	Multiply line 36 by the percentage on line 14 . . . . .	37							
38	Enter the <b>smaller</b> of line 35 or line 37. Also, enter this amount on line 28 above . . . . .	38							



# Sale of Your Home

OMB No. 1545-0072

**1997**

Attachment  
Sequence No. **20**

▶ Attach to Form 1040 for year of sale.

▶ See separate instructions. ▶ Please print or type.

<p><b>If you are filing this form by itself and not with your tax return, see instructions on page 3.</b></p>	<p>Your first name and initial. If a joint return, also give spouse's name and initial. _____</p> <p style="text-align: right;">Last name _____</p>	<p>Your social security number : : : :</p>
	<p>Present address (no., street, and apt. no., rural route, or P.O. box no. if mail is not delivered to street address) _____</p>	<p>Spouse's social security number : : : :</p>
	<p>City, town or post office, state, and ZIP code _____</p>	

## Part I Gain on Sale

<p><b>1</b> Date your former main home was sold. If sold after May 6, 1997, see page 3. . . . . ▶</p>	<p><b>1</b></p>	<p>mo. / day / yr.</p>
<p><b>2</b> Have you bought or built a new main home? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p><b>3</b> If any part of either main home was ever rented out or used for business, check here <input type="checkbox"/> and see page 3.</p>		
<p><b>4</b> Selling price of home. Do not include personal property items you sold with your home . . . . .</p>	<p><b>4</b></p>	
<p><b>5</b> Expense of sale (see page 4) . . . . .</p>	<p><b>5</b></p>	
<p><b>6</b> Subtract line 5 from line 4 . . . . .</p>	<p><b>6</b></p>	
<p><b>7</b> Adjusted basis of home sold (see page 4) . . . . .</p>	<p><b>7</b></p>	
<p><b>8</b> <b>Gain on sale.</b> Subtract line 7 from line 6. <b>If zero or less, stop</b> and attach this form to your return</p> <ul style="list-style-type: none"> <li>• For sales <b>before May 7, 1997</b>, you must go to Part II or Part III, whichever applies. <b>But</b> if line 2 is "No," go to line 9.</li> <li>• For sales <b>after May 6, 1997</b>, you must go to Part IV on the back to figure any exclusion. <b>But</b> if you qualify and elect to use the rules for sales before May 7, 1997, go to Part II or Part III, whichever applies.</li> </ul>	<p><b>8</b></p>	
<p><b>9</b> If you haven't replaced your home, do you plan to do so within the <b>replacement period</b> (see page 1)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> <li>• If line 9 is "Yes," stop here, attach this form to your return, and see <b>Additional filing requirements</b> on page 1.</li> <li>• If line 9 is "No," you <b>must</b> go to Part II or Part III, whichever applies.</li> </ul>		

## Part II One-Time Exclusion of Gain for People Age 55 or Older—By completing this part, you are electing to take the one-time exclusion (see page 2). If you are not electing to take the exclusion, go to Part III now.

<p><b>10</b> Who was age 55 or older on the date of sale? . . . . . <input type="checkbox"/> You <input type="checkbox"/> Your spouse <input type="checkbox"/> Both of you</p>		
<p><b>11</b> Did the person who was 55 or older own and use the property as his or her main home for a total of at least 3 years of the 5-year period before the sale? See page 2 for exceptions. If "No," go to Part III now . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p><b>12</b> At the time of sale, who owned the home? . . . . . <input type="checkbox"/> You <input type="checkbox"/> Your spouse <input type="checkbox"/> Both of you</p>		
<p><b>13</b> Social security number of spouse at the time of sale if you had a different spouse from the one above. If you were not married at the time of sale, enter "None" . . . . . ▶</p>	<p><b>13</b></p>	
<p><b>14</b> <b>Exclusion.</b> Enter the <b>smaller</b> of line 8 or \$125,000 (\$62,500 if married filing separate return). Then, go to line 15 . . . . .</p>	<p><b>14</b></p>	

## Part III Adjusted Sales Price, Taxable Gain, and Adjusted Basis of New Home

<p><b>15</b> If line 14 is blank, enter the amount from line 8. Otherwise, subtract line 14 from line 8 . . . . .</p> <ul style="list-style-type: none"> <li>• If line 15 is zero, stop and attach this form to your return.</li> <li>• If line 15 is more than zero and line 2 is "Yes," go to line 16 now.</li> <li>• If you are reporting this sale on the installment method, stop and see page 4.</li> <li>• All others, stop and <b>enter the amount from line 15 on Schedule D, line 4 or line 11.</b></li> </ul>	<p><b>15</b></p>	
<p><b>16</b> Fixing-up expenses (see page 4 for time limits) . . . . .</p>	<p><b>16</b></p>	
<p><b>17</b> If line 14 is blank, enter amount from line 16. Otherwise, add lines 14 and 16 . . . . .</p>	<p><b>17</b></p>	
<p><b>18</b> <b>Adjusted sales price.</b> Subtract line 17 from line 6 . . . . .</p>	<p><b>18</b></p>	
<p><b>19a</b> Date you moved into new home ▶ <span style="border: 1px solid black; padding: 0 10px;">  /  /  </span> <b>b</b> Cost of new home (see page 5). . . . .</p>	<p><b>19b</b></p>	
<p><b>20</b> Subtract line 19b from line 18. If zero or less, enter -0- . . . . .</p>	<p><b>20</b></p>	
<p><b>21</b> <b>Taxable gain.</b> Enter the <b>smaller</b> of line 15 or line 20 . . . . .</p> <ul style="list-style-type: none"> <li>• If line 21 is zero, go to line 22 and attach this form to your return.</li> <li>• If you are reporting this sale on the installment method, see the line 15 instructions and go to line 22.</li> <li>• All others, <b>enter the amount from line 21 on Schedule D, line 4 or line 11,</b> and go to line 22.</li> </ul>	<p><b>21</b></p>	
<p><b>22</b> Postponed gain. Subtract line 21 from line 15 . . . . .</p>	<p><b>22</b></p>	
<p><b>23</b> <b>Adjusted basis of new home.</b> Subtract line 22 from line 19b . . . . .</p>	<p><b>23</b></p>	

**Part IV** Exclusion and Taxable Gain for Sales After May 6, 1997

**24** Did you (or your spouse if filing a joint return) own and use the property as your main home for a total of at least 2 years of the 5-year period before the sale? See page 3 for exceptions ☐ Yes ☐ No

**25** Maximum exclusion. See page 5 for the amount to enter. . . . . **25**

**26** Enter the amount from line 8 . . . . . **26**

**27** **Exclusion.** Enter the **smaller** of line 25 or line 26. If line 26 is the smaller amount, stop and attach this form to your return. Otherwise, go to line 28 . . . . . **27**

**28** **Taxable gain.** Subtract line 27 from line 26 . . . . . **28**

• If you are reporting this sale on the installment method, see the line 15 instructions.

• All others, enter the amount from line 28 on **Schedule D, line 4 or line 11.**

**Sign here only if you are filing this form by itself and not with your tax return.**

Under penalties of perjury, I declare that I have examined this form, including attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature

Date

Spouse's signature

Date

▶ \_\_\_\_\_ ▶ \_\_\_\_\_  
If a joint return, both must sign.



Underpayment of  
Estimated Tax by Individuals, Estates, and Trusts

▶ See separate instructions.

▶ Attach to Form 1040, 1040A, 1040NR, 1040NR-EZ, or 1041.

1997

Attachment  
Sequence No. 06

Name(s) shown on tax return

Identifying number

Note: In most cases, you do not need to file Form 2210. The IRS will figure any penalty you owe and send you a bill. File Form 2210 only if one or more boxes in Part I apply to you. If you do not need to file Form 2210, you still may use it to figure your penalty. Enter the amount from line 20 or line 32 on the penalty line of your return, but do not attach Form 2210.

**Part I** Reasons for Filing—If 1a, b, or c below applies to you, you may be able to lower or eliminate your penalty. But you **MUST** check the boxes that apply and file Form 2210 with your tax return. If 1d below applies to you, check that box and file Form 2210 with your tax return.

- 1 Check whichever boxes apply (if none apply, see the Note above):
- a ☐ You request a waiver. In certain circumstances, the IRS will waive all or part of the penalty. See Waiver of Penalty on page 1 of the instructions.
- b ☐ You use the annualized income installment method. If your income varied during the year, this method may reduce the amount of one or more required installments. See page 4 of the instructions.
- c ☐ You had Federal income tax withheld from wages and, for estimated tax purposes, you treat the withheld tax as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. See the instructions for line 22 on page 3.
- d ☐ Your required annual payment (line 13 below) is based on your 1996 tax and you filed or are filing a joint return for either 1996 or 1997 but not for both years.

**Part II** Required Annual Payment

2	Enter your 1997 tax after credits (see page 2 of the instructions). Caution: Also see page 2 for a special rule if claiming the research credit . . . . .	2	
3	Other taxes (see page 2 of the instructions) . . . . .	3	
4	Add lines 2 and 3 . . . . .	4	
5	Earned income credit . . . . .	5	
6	Credit for Federal tax paid on fuels . . . . .	6	
7	Add lines 5 and 6 . . . . .	7	
8	Current year tax. Subtract line 7 from line 4 . . . . .	8	
9	Multiply line 8 by 90% (.90) . . . . .	9	
10	Withholding taxes. Do not include any estimated tax payments on this line (see page 2 of the instructions) . . . . .	10	
11	Subtract line 10 from line 8. If less than \$500, stop here; do not complete or file this form. You do not owe the penalty . . . . .	11	
12	Enter the tax shown on your 1996 tax return (110% of that amount if the adjusted gross income shown on that return is more than \$150,000, or if married filing separately for 1997, more than \$75,000). Caution: See page 2 of the instructions . . . . .	12	
13	Required annual payment. Enter the smaller of line 9 or line 12 . . . . .	13	

Note: If line 10 is equal to or more than line 13, stop here; you do not owe the penalty. Do not file Form 2210 unless you checked box 1d above.

**Part III** Short Method (Caution: See page 2 of the instructions to find out if you can use the short method. If you checked box 1b or c in Part I, skip this part and go to Part IV.)

14	Enter the amount, if any, from line 10 above . . . . .	14	
15	Enter the total amount, if any, of estimated tax payments you made . . . . .	15	
16	Add lines 14 and 15 . . . . .	16	
17	Total underpayment for year. Subtract line 16 from line 13. If zero or less, stop here; you do not owe the penalty. Do not file Form 2210 unless you checked box 1d above . . . . .	17	
18	Multiply line 17 by .05986 . . . . .	18	
19	<p>• If the amount on line 17 was paid on or after 4/15/98, enter -0-.</p> <p>• If the amount on line 17 was paid before 4/15/98, make the following computation to find the amount to enter on line 19.</p> <p style="text-align: center;">Amount on line 17    ×    Number of days paid before 4/15/98    ×    .00025 . . . . .</p>	19	
20	PENALTY. Subtract line 19 from line 18. Enter the result here and on Form 1040, line 65; Form 1040A, line 34; Form 1040NR, line 65; Form 1040NR-EZ, line 26; or Form 1041, line 27 . . . ▶	20	

**Part IV** Regular Method (See page 2 of the instructions if you are filing Form 1040NR or 1040NR-EZ.)

Section A—Figure Your Underpayment		Payment Due Dates				
		(a) 4/15/97	(b) 6/15/97	(c) 9/15/97	(d) 1/15/98	
21	Required installments. If box 1b applies, enter the amounts from Schedule AI, line 26. Otherwise, enter 1/4 of line 13, Form 2210, in each column . . . . .	21				
22	Estimated tax paid and tax withheld (see page 3 of the instructions). For column (a) only, also enter the amount from line 22 on line 26. If line 22 is equal to or more than line 21 for all payment periods, stop here; you do not owe the penalty. Do not file Form 2210 unless you checked a box in Part I . . . . . Complete lines 23 through 29 of one column before going to the next column.	22				
23	Enter amount, if any, from line 29 of previous column	23				
24	Add lines 22 and 23 . . . . .	24				
25	Add amounts on lines 27 and 28 of the previous column . . . . .	25				
26	Subtract line 25 from line 24. If zero or less, enter -0-. For column (a) only, enter the amount from line 22 . . . . .	26				
27	If the amount on line 26 is zero, subtract line 24 from line 25. Otherwise, enter -0- . . . . .	27				
28	Underpayment. If line 21 is equal to or more than line 26, subtract line 26 from line 21. Then go to line 23 of next column. Otherwise, go to line 29 . . . . .	28				
29	Overpayment. If line 26 is more than line 21, subtract line 21 from line 26. Then go to line 23 of next column	29				

**Section B—Figure the Penalty** (Complete lines 30 and 31 of one column before going to the next column.)

		4/15/97	6/15/97	9/15/97	1/15/98	
30	Number of days FROM the date shown above line 30 TO the date the amount on line 28 was paid or 4/15/98, whichever is earlier . . . . .	Days:	Days:	Days:	Days:	
31	Underpayment on line 28 (see page 3 of the instructions) × $\frac{\text{Number of days on line 30}}{365}$ × .09 ▶	31	\$	\$	\$	\$
32	PENALTY. Add the amounts in each column of line 31. Enter the total here and on Form 1040, line 65; Form 1040A, line 34; Form 1040NR, line 65; Form 1040NR-EZ, line 26; or Form 1041, line 27 . . . . . ▶	32	\$			

**Schedule AI—Annualized Income Installment Method** (see pages 4 and 5 of the instructions)

Estates and trusts, do not use the period ending dates shown to the right. Instead, use the following: 2/28/97, 4/30/97, 7/31/97, and 11/30/97.

**Part I Annualized Income Installments** Caution: Complete lines 20–26 of one column before going to the next column.

	(a) 1/1/97–3/31/97	(b) 1/1/97–5/31/97	(c) 1/1/97–8/31/97	(d) 1/1/97–12/31/97
1 Enter your adjusted gross income for each period (see instructions). (Estates and trusts, enter your taxable income without your exemption for each period.) . . . . .	1			
2 Annualization amounts. (Estates and trusts, see instructions.) . . . . .	2	4	2.4	1.5
3 Annualized income. Multiply line 1 by line 2 . . . . .	3			
4 Enter your itemized deductions for the period shown in each column. If you do not itemize, enter -0- and skip to line 7. (Estates and trusts, enter -0-, skip to line 9, and enter the amount from line 3 on line 9.)	4			
5 Annualization amounts . . . . .	5	4	2.4	1.5
6 Multiply line 4 by line 5 (see instructions if line 3 is more than \$60,600)	6			
7 In each column, enter the full amount of your standard deduction from Form 1040, line 35, or Form 1040A, line 19 (Form 1040NR or 1040NR-EZ filers, enter -0-. Exception: Indian students and business apprentices, enter standard deduction from Form 1040NR, line 34 or Form 1040NR-EZ, line 10.) . . . . .	7			
8 Enter the larger of line 6 or line 7. . . . .	8			
9 Subtract line 8 from line 3 . . . . .	9			
10 In each column, multiply \$2,650 by the total number of exemptions claimed (see instructions if line 3 is more than \$90,900). (Estates and trusts and Form 1040NR or 1040NR-EZ filers, enter the exemption amount shown on your tax return.) . . . . .	10			
11 Subtract line 10 from line 9 . . . . .	11			
12 Figure your tax on the amount on line 11 (see instructions) . . . . .	12			
13 Form 1040 filers only, enter your self-employment tax from line 35 below . . . . .	13			
14 Enter other taxes for each payment period (see instructions) . . . . .	14			
15 Total tax. Add lines 12, 13, and 14 . . . . .	15			
16 For each period, enter the same type of credits as allowed on Form 2210, lines 2, 5, and 6 (see instructions) . . . . .	16			
17 Subtract line 16 from line 15. If zero or less, enter -0- . . . . .	17			
18 Applicable percentage . . . . .	18	22.5%	45%	67.5%
19 Multiply line 17 by line 18 . . . . .	19			
20 Add the amounts in all preceding columns of line 26 . . . . .	20			
21 Subtract line 20 from line 19. If zero or less, enter -0- . . . . .	21			
22 Enter 1/4 of line 13 on page 1 of Form 2210 in each column . . . . .	22			
23 Enter amount from line 25 of the preceding column of this schedule	23			
24 Add lines 22 and 23 and enter the total . . . . .	24			
25 Subtract line 21 from line 24. If zero or less, enter -0- . . . . .	25			
26 Enter the smaller of line 21 or line 24 here and on Form 2210, line 21 . . . . . ▶	26			

**Part II Annualized Self-Employment Tax**

27a Net earnings from self-employment for the period (see instructions)	27a				
b Annualization amounts . . . . .	27b	4	2.4	1.5	1
c Multiply line 27a by line 27b . . . . .	27c				
28 Social security tax limit . . . . .	28	\$65,400	\$65,400	\$65,400	\$65,400
29 Enter actual wages subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax . . . . .	29				
30 Annualization amounts . . . . .	30	4	2.4	1.5	1
31 Multiply line 29 by line 30 . . . . .	31				
32 Subtract line 31 from line 28. If zero or less, enter -0- . . . . .	32				
33 Multiply the smaller of line 27c or line 32 by .124 . . . . .	33				
34 Multiply line 27c by .029 . . . . .	34				
35 Add lines 33 and 34. Enter the result here and on line 13 above ▶	35				



**Underpayment of Estimated Tax by  
Farmers and Fishermen**▶ Attach to Form 1040, Form 1040NR, or Form 1041.  
▶ See instructions on back.**1997**Attachment  
Sequence No. **06A**

Name(s) shown on tax return

Identifying number

Note: In most cases, you do not need to file Form 2210-F. The IRS will figure any penalty you owe and send you a bill. File Form 2210-F only if one or both of the boxes in Part I apply to you. If you do not need to file Form 2210-F, you still may use it to figure your penalty. Enter the amount from line 18 on the penalty line of your return, but do not attach Form 2210-F.

**Part I** Reasons for Filing—If 1a below applies to you, you may be able to lower or eliminate your penalty. But you **MUST** check that box and file Form 2210-F with your tax return. If 1b below applies to you, check that box and file Form 2210-F with your tax return.

- 1 Check whichever boxes apply (if neither applies, see the Note above Part I):
- a ☐ You request a waiver. In certain circumstances, the IRS will waive all or part of the penalty. See the instructions for Waiver of Penalty.
- b ☐ Your required annual payment (line 13 below) is based on your 1996 tax and you filed or are filing a joint return for either 1996 or 1997 but not for both years.

**Part II** Figure Your Underpayment

2	Enter your 1997 tax after credits from Form 1040, line 46; Form 1040NR, line 44; or Form 1041, Schedule G, line 4. Caution: See instructions for a special rule if claiming the research credit . . . . .	2		
3	Other taxes. See instructions . . . . .	3		
4	Add lines 2 and 3 . . . . .	4		
5	Earned income credit . . . . .	5		
6	Credit for Federal tax paid on fuels . . . . .	6		
7	Add lines 5 and 6 . . . . .	7		
8	Current year tax. Subtract line 7 from line 4 . . . . .	8		
9	Multiply line 8 by 66⅔% . . . . .	9		
10	Withholding taxes. Do not include any estimated tax payments on this line. See instructions . . . . .	10		
11	Subtract line 10 from line 8. If less than \$500, stop here; do not complete or file this form. You do not owe the penalty. . . . .	11		
12	Enter the tax shown on your 1996 tax return. Caution: See instructions . . . . .	12		
13	Required annual payment. Enter the smaller of line 9 or line 12 . . . . . Note: If line 10 is equal to or more than line 13, stop here; you do not owe the penalty. Do not file Form 2210-F unless you checked box 1b above.	13		
14	Enter the estimated tax payments you made by January 15, 1998, and any Federal income tax and excess social security or railroad retirement tax withheld during 1997. . . . .	14		
15	Underpayment. Subtract line 14 from line 13. If the result is zero or less, stop here; you do not owe the penalty. Do not file Form 2210-F unless you checked box 1b above . . . . .	15		

**Part III** Figure the Penalty

16	Enter the date the amount on line 15 was paid or April 15, 1998, whichever is earlier . . . . .	16	/	/ 98
17	Number of days FROM January 15, 1998, TO the date on line 16 . . . . .	17		
18	Penalty. $\frac{\text{Underpayment on line 15}}{365} \times \frac{\text{Number of days on line 17}}{365} \times .09$ . . . . . ▶	18		

• Form 1040 filers, enter the amount from line 18 on Form 1040, line 65.  
 • Form 1040NR filers, enter the amount from line 18 on Form 1040NR, line 65.  
 • Form 1041 filers, enter the amount from line 18 on Form 1041, line 27.



# Child and Dependent Care Expenses

OMB No. 1545-0068

**1997**

Attachment  
Sequence No. **21**

► Attach to Form 1040.

► See separate instructions.

Name(s) shown on Form 1040

Your social security number

**Before you begin**, you need to understand the following terms. See **Definitions** on page 1 of the instructions.

- **Dependent Care Benefits**
- **Qualifying Person(s)**
- **Qualified Expenses**
- **Earned Income**

## **Part I** Persons or Organizations Who Provided the Care—You must complete this part. (If you need more space, use the bottom of page 2.)

1	(a) Care provider's name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

Did you receive  
dependent care benefits?

NO

Complete only Part II below.

YES

Complete Part III on the back next.

**Caution:** If the care was provided in your home, you may owe employment taxes. See the instructions for Form 1040, line 52.

## **Part II** Credit for Child and Dependent Care Expenses

**2** Information about your **qualifying person(s)**. If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name		(b) Qualifying person's social security number	(c) Qualified expenses you incurred and paid in 1997 for the person listed in column (a)
First	Last		

<b>3</b>	Add the amounts in column (c) of line 2. DO NOT enter more than \$2,400 for one qualifying person or \$4,800 for two or more persons. If you completed Part III, enter the amount from line 24 . . . . .	<b>3</b>																																														
<b>4</b>	Enter YOUR <b>earned income</b> . . . . .	<b>4</b>																																														
<b>5</b>	If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the instructions); <b>all others</b> , enter the amount from line 4 . . . . .	<b>5</b>																																														
<b>6</b>	Enter the <b>smallest</b> of line 3, 4, or 5 . . . . .	<b>6</b>																																														
<b>7</b>	Enter the amount from Form 1040, line 33 . . . . . <b>7</b>																																															
<b>8</b>	Enter on line 8 the decimal amount shown below that applies to the amount on line 7																																															
<table> <tr> <th colspan="2">If line 7 is—</th><th>Decimal amount is</th></tr> <tr> <th>Over</th><th>But not over</th><th></th></tr> <tr> <td>\$0—10,000</td><td></td><td>.30</td></tr> <tr> <td>10,000—12,000</td><td></td><td>.29</td></tr> <tr> <td>12,000—14,000</td><td></td><td>.28</td></tr> <tr> <td>14,000—16,000</td><td></td><td>.27</td></tr> <tr> <td>16,000—18,000</td><td></td><td>.26</td></tr> <tr> <td>18,000—20,000</td><td></td><td>.25</td></tr> </table>		If line 7 is—		Decimal amount is	Over	But not over		\$0—10,000		.30	10,000—12,000		.29	12,000—14,000		.28	14,000—16,000		.27	16,000—18,000		.26	18,000—20,000		.25	<table> <tr> <th colspan="2">If line 7 is—</th><th>Decimal amount is</th></tr> <tr> <th>Over</th><th>But not over</th><th></th></tr> <tr> <td>\$20,000—22,000</td><td></td><td>.24</td></tr> <tr> <td>22,000—24,000</td><td></td><td>.23</td></tr> <tr> <td>24,000—26,000</td><td></td><td>.22</td></tr> <tr> <td>26,000—28,000</td><td></td><td>.21</td></tr> <tr> <td>28,000—No limit</td><td></td><td>.20</td></tr> </table>		If line 7 is—		Decimal amount is	Over	But not over		\$20,000—22,000		.24	22,000—24,000		.23	24,000—26,000		.22	26,000—28,000		.21	28,000—No limit		.20
If line 7 is—		Decimal amount is																																														
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10,000—12,000		.29																																														
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\$20,000—22,000		.24																																														
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24,000—26,000		.22																																														
26,000—28,000		.21																																														
28,000—No limit		.20																																														
<b>9</b>	Multiply <b>line 6</b> by the decimal amount on line 8. Enter the result. Then, see the instructions for the amount of credit to enter on Form 1040, line 40 . . . . .	<b>9</b>																																														

**Part III** Dependent Care Benefits

<b>10</b>	Enter the total amount of <b>dependent care benefits</b> you received for 1997. This amount should be shown in box 10 of your W-2 form(s). DO NOT include amounts that were reported to you as wages in box 1 of Form(s) W-2 . . . . .	<b>10</b>		
<b>11</b>	Enter the amount forfeited, if any. See the instructions . . . . .	<b>11</b>		
<b>12</b>	Subtract line 11 from line 10 . . . . .	<b>12</b>		
<b>13</b>	Enter the total amount of <b>qualified expenses</b> incurred in 1997 for the care of the <b>qualifying person(s)</b> . . . . .	<b>13</b>		
<b>14</b>	Enter the <b>smaller</b> of line 12 or 13 . . . . .	<b>14</b>		
<b>15</b>	Enter YOUR <b>earned income</b> . . . . .	<b>15</b>		
<b>16</b>	If married filing a joint return, enter YOUR SPOUSE'S earned income (if student or disabled, see the line 5 instructions); if married filing a separate return, see the instructions for the amount to enter; <b>all others</b> , enter the amount from line 15 . . . . .	<b>16</b>		
<b>17</b>	Enter the <b>smallest</b> of line 14, 15, or 16 . . . . .	<b>17</b>		
<b>18</b>	<b>Excluded benefits.</b> Enter here the <b>smaller</b> of the following: <ul style="list-style-type: none"> <li>• The amount from line 17, or</li> <li>• \$5,000 (\$2,500 if married filing a separate return and you were required to enter your spouse's earned income on line 16).</li> </ul>	<b>18</b>		
<b>19</b>	<b>Taxable benefits.</b> Subtract line 18 from line 12. Also, include this amount on Form 1040, line 7. On the dotted line next to line 7, write "DCB" . . . . .	<b>19</b>		

To claim the child and dependent care credit, complete lines 20–24 below.

<b>20</b>	Enter \$2,400 (\$4,800 if two or more qualifying persons) . . . . .	<b>20</b>		
<b>21</b>	Enter the amount from line 18 . . . . .	<b>21</b>		
<b>22</b>	Subtract line 21 from line 20. If zero or less, <b>STOP</b> . You cannot take the credit. <b>Exception.</b> If you paid 1996 expenses in 1997, see the line 9 instructions . . . . .	<b>22</b>		
<b>23</b>	Complete line 2 on the front of this form. DO NOT include in column (c) any excluded benefits shown on line 18 above. Then, add the amounts in column (c) and enter the total here . . . . .	<b>23</b>		
<b>24</b>	Enter the <b>smaller</b> of line 22 or 23. Also, enter this amount on line 3 on the front of this form and complete lines 4–9 . . . . .	<b>24</b>		



**Foreign Earned Income**

▶ See separate instructions. ▶ Attach to Form 1040.

**1997**Attachment  
Sequence No. **34****For Use by U.S. Citizens and Resident Aliens Only**

Name shown on Form 1040

Your social security number

**Part I General Information****1** Your foreign address (including country)**2** Your occupation**3** Employer's name ▶**4a** Employer's U.S. address ▶**b** Employer's foreign address ▶**5** Employer is (check ▶) **a** ☐ A foreign entity **b** ☐ A U.S. company **c** ☐ Self  
any that apply: **d** ☐ A foreign affiliate of a U.S. company **e** ☐ Other (specify) ▶**6a** If, after 1981, you filed Form 2555 to claim either of the exclusions or Form 2555-EZ to claim the foreign earned income exclusion, enter the last year you filed the form. ▶**b** If you did not file Form 2555 or 2555-EZ after 1981 to claim either of the exclusions, check here ☐ and go to line 7 now.**c** Have you ever revoked either of the exclusions? ☐ Yes ☐ No**d** If you answered "Yes," enter the type of exclusion and the tax year for which the revocation was effective. ▶**7** Of what country are you a citizen/national? ▶**8a** Did you maintain a separate foreign residence for your family because of adverse living conditions at your tax home? See **Second foreign household** on page 3 of the instructions ☐ Yes ☐ No**b** If "Yes," enter city and country of the separate foreign residence. Also, enter the number of days during your tax year that you maintained a second household at that address. ▶**9** List your tax home(s) during your tax year and date(s) established. ▶**Next, complete either Part II or Part III. If an item does not apply, write "NA." If you do not give the information asked for, any exclusion or deduction you claim may be disallowed.****Part II Taxpayers Qualifying Under Bona Fide Residence Test** (See page 2 of the instructions.)**10** Date bona fide residence began ▶, and ended ▶**11** Kind of living quarters in foreign country ▶ **a** ☐ Purchased house **b** ☐ Rented house or apartment **c** ☐ Rented room  
**d** ☐ Quarters furnished by employer**12a** Did any of your family live with you abroad during any part of the tax year? ☐ Yes ☐ No**b** If "Yes," who and for what period? ▶**13a** Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? (See instructions.) ☐ Yes ☐ No**b** Are you required to pay income tax to the country where you claim bona fide residence? (See instructions.) ☐ Yes ☐ No**If you answered "Yes" to 13a and "No" to 13b, you do not qualify as a bona fide resident. Do not complete the rest of this part.****14** If you were present in the United States or its possessions during the tax year, complete columns (a)–(d) below. **Do not** include the income from column (d) in Part IV, but report it on Form 1040.

(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)	(a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

**15a** List any contractual terms or other conditions relating to the length of your employment abroad. ▶**b** Enter the type of visa under which you entered the foreign country. ▶**c** Did your visa limit the length of your stay or employment in a foreign country? If "Yes," attach explanation ☐ Yes ☐ No**d** Did you maintain a home in the United States while living abroad? ☐ Yes ☐ No**e** If "Yes," enter address of your home, whether it was rented, the names of the occupants, and their relationship to you. ▶

**Part III Taxpayers Qualifying Under Physical Presence Test** (See page 2 of the instructions.)

- 16** The physical presence test is based on the 12-month period from ► ..... through ► .....
- 17** Enter your principal country of employment during your tax year. ► .....
- 18** If you traveled abroad during the 12-month period entered on line 16, complete columns (a)–(f) below. Exclude travel between foreign countries that did not involve travel on or over international waters, or in or over the United States, for 24 hours or more. If you have no travel to report during the period, enter "Physically present in a foreign country or countries for the entire 12-month period." **Do not** include the income from column (f) below in Part IV, but report it on Form 1040.

(a) Name of country (including U.S.)	(b) Date arrived	(c) Date left	(d) Full days present in country	(e) Number of days in U.S. on business	(f) Income earned in U.S. on business (attach computation)

**Part IV All Taxpayers**

**Note:** Enter on lines 19 through 23 all income, including noncash income, you earned and actually or constructively received during your 1997 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the instructions. **Do not** include income from line 14, column (d), or line 18, column (f). Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

**If you are a cash basis taxpayer, report on Form 1040 all income you received in 1997, no matter when you performed the service.**

1997 Foreign Earned Income		Amount (in U.S. dollars)	
<b>19</b> Total wages, salaries, bonuses, commissions, etc. . . . .		<b>19</b>	
<b>20</b> Allowable share of income for personal services performed (see instructions):			
<b>a</b> In a business (including farming) or profession . . . . .		<b>20a</b>	
<b>b</b> In a partnership. List partnership's name and address and type of income. ► .....		<b>20b</b>	
<b>21</b> Noncash income (market value of property or facilities furnished by employer—attach statement showing how it was determined):			
<b>a</b> Home (lodging) . . . . .		<b>21a</b>	
<b>b</b> Meals . . . . .		<b>21b</b>	
<b>c</b> Car . . . . .		<b>21c</b>	
<b>d</b> Other property or facilities. List type and amount. ► .....		<b>21d</b>	
<b>22</b> Allowances, reimbursements, or expenses paid on your behalf for services you performed:			
<b>a</b> Cost of living and overseas differential . . . . .	<b>22a</b>		
<b>b</b> Family . . . . .	<b>22b</b>		
<b>c</b> Education . . . . .	<b>22c</b>		
<b>d</b> Home leave . . . . .	<b>22d</b>		
<b>e</b> Quarters. . . . .	<b>22e</b>		
<b>f</b> For any other purpose. List type and amount. ► .....	<b>22f</b>		
<b>g</b> Add lines 22a through 22f. . . . .		<b>22g</b>	
<b>23</b> Other foreign earned income. List type and amount. ► .....		<b>23</b>	
<b>24</b> Add lines 19 through 21d, line 22g, and line 23 . . . . .		<b>24</b>	
<b>25</b> Total amount of meals and lodging included on line 24 that is excludable (see instructions) . . . . .		<b>25</b>	
<b>26</b> Subtract line 25 from line 24. Enter the result here and on line 27 on page 3. This is your <b>1997 foreign earned income</b> . . . . .		<b>26</b>	

**Part V All Taxpayers**

- 27 Enter the amount from line 26 . . . . . **27**
- Are you claiming the housing exclusion or housing deduction?
- Yes.** Complete Part VI.
- No.** Go to Part VII.

**Part VI For Taxpayers Claiming the Housing Exclusion AND/OR Deduction**

- 28 Qualified housing expenses for the tax year (see instructions) . . . . . **28**
- 29 Number of days in your qualifying period that fall within your 1997 tax year (see instructions) . . . . . **29**
- 30 Multiply \$25.82 by the number of days on line 29. If 365 entered on line 29, enter \$9,426.00 here . . . . . **30**
- 31 Subtract line 30 from line 28. If zero or less, do not complete the rest of this part or any of Part IX . . . . . **31**
- 32 Enter employer-provided amounts (see instructions) . . . . . **32**
- 33 Divide line 32 by line 27. Enter the result as a decimal (to two places), but do not enter more than "1.00" . . . . . **33** × .
- 34 **Housing exclusion.** Multiply line 31 by line 33. Enter the result but do not enter more than the amount on line 32. Also, complete Part VIII . . . . . **34**
- Note:** The housing deduction is figured in Part IX. If you choose to claim the foreign earned income exclusion, complete Parts VII and VIII before Part IX.

**Part VII For Taxpayers Claiming the Foreign Earned Income Exclusion**

- 35 Maximum foreign earned income exclusion . . . . . **35** \$70,000 00
- 36 • If you completed Part VI, enter the number from line 29.  
• All others, enter the number of days in your qualifying period that fall within your 1997 tax year (see the instructions for line 29). } **36**
- 37 • If line 36 and the number of days in your 1997 tax year (usually 365) are the same, enter "1.00."  
• Otherwise, divide line 36 by the number of days in your 1997 tax year and enter the result as a decimal (to two places). } **37** × .
- 38 Multiply line 35 by line 37 . . . . . **38**
- 39 Subtract line 34 from line 27 . . . . . **39**
- 40 **Foreign earned income exclusion.** Enter the **smaller** of line 38 or line 39. Also, complete Part VIII ► **40**

**Part VIII For Taxpayers Claiming the Housing Exclusion, Foreign Earned Income Exclusion, or Both**

- 41 Add lines 34 and 40 . . . . . **41**
- 42 Deductions allowed in figuring your adjusted gross income (Form 1040, line 32) that are allocable to the excluded income. See instructions and attach computation . . . . . **42**
- 43 Subtract line 42 from line 41. Enter the result here and in parentheses on **Form 1040, line 21.** Next to the amount write "Form 2555." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22. . . . . **43**

**Part IX For Taxpayers Claiming the Housing Deduction—Complete this part only if (a) line 31 is more than line 34 and (b) line 27 is more than line 41.**

- 44 Subtract line 34 from line 31 . . . . . **44**
- 45 Subtract line 41 from line 27 . . . . . **45**
- 46 Enter the **smaller** of line 44 or line 45 . . . . . **46**
- Note:** If line 45 is **more than** line 46 and you could not deduct all of your 1996 housing deduction because of the 1996 limit, use the worksheet on page 4 of the instructions to figure the amount to enter on line 47. Otherwise, go to line 48.
- 47 Housing deduction carryover from 1996 (from worksheet on page 4 of the instructions) . . . . . **47**
- 48 **Housing deduction.** Add lines 46 and 47. Enter the total here and on Form 1040 to the left of line 31. Next to the amount on Form 1040, write "Form 2555." Add it to the total adjustments reported on that line . . . . . **48**



Form <b>2555-EZ</b> Department of the Treasury Internal Revenue Service	<h1 style="margin: 0;">Foreign Earned Income Exclusion</h1> <p style="margin: 0;">▶ See separate instructions.   ▶ Attach to Form 1040.</p>	OMB No. 1545-1326 <div style="font-size: 2em; font-weight: bold; margin: 5px 0;">1997</div> Attachment Sequence No. <b>34A</b>
Name shown on Form 1040		Your social security number

- |   |  |  |
|---|--|--|
| <b>You May Use This Form If You:</b> <ul style="list-style-type: none"> <li>• Are a U.S. citizen or a resident alien.</li> <li>• Earned wages/salaries in a foreign country.</li> <li>• Had total foreign earned income of \$70,000 or less.</li> <li>• Are filing a calendar year return that covers a 12-month period.</li> </ul> | <b>And You:</b> <ul style="list-style-type: none"> <li>• Do not have self-employment income.</li> <li>• Do not have business/moving expenses.</li> <li>• Do not claim the foreign housing exclusion or deduction.</li> </ul> |  |
|---|--|--|

## Part I Tests To See If You Can Take the Foreign Earned Income Exclusion

### 1 Bona Fide Residence Test

- a Were you a bona fide resident of a foreign country or countries for a period that includes an entire tax year (see page 2 of the instructions)? ☐ Yes ☐ No
- If you answered "Yes," you meet this test. Fill in line 1b and then go to line 3.
  - If you answered "No," you **do not** meet this test. Go to line 2 to see if you meet the Physical Presence Test.
- b Enter the date your bona fide residence began ▶ \_\_\_\_\_, and ended (see instructions) ▶ \_\_\_\_\_.

### 2 Physical Presence Test

- a Were you physically present in a foreign country or countries for at least 330 full days during—  
 { 1997, or  
 any other period of 12 months in a row starting or ending in 1997? } ☐ Yes ☐ No
- If you answered "Yes," you meet this test. Fill in line 2b and then go to line 3.
  - If you answered "No," you **do not** meet this test. You **cannot** take the exclusion unless you meet the Bona Fide Residence Test above.
- b The physical presence test is based on the 12-month period from ▶ \_\_\_\_\_ through ▶ \_\_\_\_\_.

- 3 **Tax Home Test.** Was your tax home in a foreign country or countries throughout your period of bona fide residence or physical presence, whichever applies? ☐ Yes ☐ No
- If you answered "Yes," you can take the exclusion. Complete Part II below and then go to page 2.
  - If you answered "No," you **cannot** take the exclusion. **Do not** file this form.

## Part II General Information

4 Your foreign address (including country)		5 Your occupation
6 Employer's name	7 Employer's U.S. address (including ZIP code)	8 Employer's foreign address
9 Employer is (check any that apply): <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>           a A U.S. business . . . . .            b A foreign business . . . . .            c Other (specify) ▶ _____         </div> <div style="text-align: right;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div> </div>		
10a If you filed Form 2555 or 2555-EZ after 1981, enter the last year you filed the form. ▶ _____ b If you did not file Form 2555 or 2555-EZ after 1981, check here ▶ <input type="checkbox"/> and go to line 11a now. c Have you ever revoked the foreign earned income exclusion? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span> d If you answered "Yes," enter the tax year for which the revocation was effective. ▶ _____		
11a List your tax home(s) during 1997 and date(s) established. ▶ _____ b Of what country are you a citizen/national? ▶ _____		

**Part III Days Present in the United States**—Complete this part if you were present in the United States or its possessions in 1997.

12 (a) Date arrived in U.S.	(b) Date left U.S.	(c) Number of days in U.S. on business	(d) Income earned in U.S. on business (attach computation)

**Part IV Figure Your Foreign Earned Income Exclusion**

13	Maximum foreign earned income exclusion . . . . .	13	\$70,000	00
14	Enter the number of days in your qualifying period that fall within 1997 .	14		
15	<ul style="list-style-type: none"> <li>• If you entered 365 days on line 14, enter "1.00" here.</li> <li>• Otherwise, divide line 14 by 365 and enter the result here as a decimal (to two places).</li> </ul>	15	×	
16	Multiply line 13 by line 15 . . . . .	16		
17	Enter, in U.S. dollars, the total foreign earned income you earned and received in 1997 (see instructions). Be sure to include this amount on Form 1040, line 7 . . . . .	17		
18	<b>Foreign earned income exclusion.</b> Enter the <b>smaller</b> of line 16 or line 17 here and in parentheses on <b>Form 1040, line 21</b> . Next to the amount write "2555-EZ." On Form 1040, subtract this amount from your income to arrive at total income on Form 1040, line 22 . . . . . ▶	18		



**Moving Expenses**

► Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

**Caution:** If you are a member of the armed forces, see the instructions before completing this form.

- |   |  |   |       |
|---|--|---|-------|
| 1 | Enter the number of miles from your <b>old home</b> to your <b>new workplace</b> . . . | 1 | miles |
| 2 | Enter the number of miles from your <b>old home</b> to your <b>old workplace</b> . . . | 2 | miles |
| 3 | Subtract line 2 from line 1. Enter the result but not less than zero . . .             | 3 | miles |

**Is line 3 at least 50 miles?****Yes.** Go to line 4. Also, see **Time Test** in the instructions.**No.** You **cannot** deduct your moving expenses. Do not complete the rest of this form.

- |   |   |   |  |
|---|---|---|--|
| 4 | Transportation and storage of household goods and personal effects (see instructions) . . .   | 4 |  |
| 5 | Travel and lodging expenses of moving from your old home to your new home. <b>Do not</b> include meals (see instructions) . . . . . | 5 |  |
| 6 | Add lines 4 and 5 . . . . .   | 6 |  |

- |   |   |   |  |
|---|---|---|--|
| 7 | Enter the total amount your employer paid for your move (including the value of services furnished in kind) that is <b>not</b> included in the wages box (box 1) of your W-2 form. This amount should be identified with code <b>P</b> in box 13 of your W-2 form . . . . . | 7 |  |
|---|---|---|--|

**Is line 6 more than line 7?****Yes.** Go to line 8.**No.** You **cannot** deduct your moving expenses. If line 6 is less than line 7, subtract line 6 from line 7 and include the result in income on Form 1040, line 7.

- |   |  |   |  |
|---|--|---|--|
| 8 | Subtract line 7 from line 6. Enter the result here and on Form 1040, line 25. This is your <b>moving expense deduction</b> . . . . . | 8 |  |
|---|--|---|--|

**General Instructions****Purpose of Form**

Use Form 3903 to figure your moving expense deduction if you moved to a new principal place of work (workplace) within the United States or its possessions. If you qualify to deduct expenses for more than one move, use a separate Form 3903 for each move.

For more details, see **Pub. 521**, Moving Expenses.

**Note:** Use **Form 3903-F**, *Foreign Moving Expenses*, instead of this form if you are a U.S. citizen or resident alien who moved to a new principal workplace outside the United States or its possessions.

**Another Form You May Have To File**

If you sold your main home in 1997, you must file **Form 2119**, Sale of Your Home, to report the sale.

**Who May Deduct Moving Expenses**

If you moved to a different home because of a change in job location, you may be able to deduct your moving expenses. You may be able to take the deduction whether you are self-employed or an employee. But you must meet certain tests explained next.

**Distance Test**

Your new principal workplace must be at least 50 miles farther from your old home than your old workplace was. For example,

if your old workplace was 3 miles from your old home, your new workplace must be at least 53 miles from that home. If you did not have an old workplace, your new workplace must be at least 50 miles from your old home. The distance between the two points is the shortest of the more commonly traveled routes between them.

**Time Test**

If you are an employee, you must work full time in the general area of your new workplace for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time in the general area of your new workplace for at least 39 weeks during the first 12 months and a total of at least 78 weeks during the 24 months right after you move.

You may deduct your moving expenses even if you have not met the time test before your return is due. You may do this



**Credit for Federal Tax Paid on Fuels**

OMB No. 1545-0162

**1997**Attachment  
Sequence No. **23**

▶ See the Instructions for Form 4136.

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

Taxpayer identification number

**Caution:** You cannot claim any amounts on Form 4136 that you claimed on Form 8849, Form 843, or Schedule C (Form 720).**1 Nontaxable Use of Gasoline**

	Type of use	Rate	Gallons	Amount of credit		CRN
a Off-highway business use		\$				301
b Use on a farm for farming purposes						
c Other nontaxable use						

**2 Nontaxable Use of Gasohol**

	Type of use	Rate	Gallons	Amount of credit		CRN
a Gasohol containing at least 10% alcohol		\$				312
b Gasohol containing at least 7.7% alcohol but less than 10% alcohol						
c Gasohol containing at least 5.7% alcohol but less than 7.7% alcohol						

**3 Nontaxable Use of Undyed Diesel Fuel** (Lines 3a, b, and c)  
**Sales by Registered Ultimate Vendors of Undyed Diesel Fuel** (Line 3d)

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here ☐

	Type of use	Rate	Gallons	Amount of credit		CRN
<b>Lines 3a, b, and c:</b> Claimant has the name and address of the person(s) who sold the diesel fuel to the claimant and the date(s) of the purchase(s), and if exported, the required proof of export.						303
<b>a</b> Heating oil		\$				
<b>b</b> Off-highway business use						
<b>c</b> Other nontaxable use (excluding use on a farm for farming purposes)						
<b>d</b> Claimant, a <b>registered ultimate vendor</b> , sold diesel fuel for use by the buyer on a farm for farming purposes, or to a state or local government for its exclusive use. Claimant obtained the required certificate from the buyer and has no reason to believe any of the information in the certificate is false.						

**4 Nontaxable Use of Special Fuels**

	Type of use	Rate	Gallons	Amount of credit		CRN
a Special motor fuels (other than LPG, LNG, or fuels used in intercity or local buses)		\$				304
b Liquefied petroleum gas (LPG) or liquefied natural gas (LNG)						
c Special motor fuels used in intercity or local buses						
d Compressed natural gas (credit rate per thousand cubic feet)			MCF			

**5 Nontaxable Use of Aviation Gasoline**

	Type of use	Rate	Gallons	Amount of credit		CRN
a	Used in commercial aviation (other than foreign trade)	\$				307
b	Other nontaxable use					

**6 Nontaxable Use of Aviation Fuel (other than gasoline)**

	Type of use	Rate	Gallons	Amount of credit		CRN
a	Used in commercial aviation (other than foreign trade)	\$				310
b	Other nontaxable use					

**7 Gasohol Blenders**

Claimant bought gasoline taxed at the full rate (\$.183/.184) and blended it with alcohol to make gasohol. The gasohol was used or sold for use in a trade or business. For <b>each batch</b> of gasohol, claimant has the required information relating to the purchase of the gasoline and alcohol used to make the gasohol and to support the amount claimed.		Rate	Gallons of gasoline	Amount of credit		CRN
<b>Percentage of alcohol in the gasohol</b>						302
a	At least 10% alcohol	\$				
b	At least 7.7% alcohol but less than 10% alcohol					
c	At least 5.7% alcohol but less than 7.7% alcohol					

**8 Use of Undyed Diesel Fuel—Train and Intercity and Local Bus**

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here . . . ☐

Part 1 of the diesel fuel invoice (claimant's name and contact details) must be on page 1, under a detailed explanation and check note 1.					
	Rate	Gallons	Amount of credit		CRN
Claimant has the name and address of the person(s) who sold the diesel fuel to the claimant and the date(s) of the purchase(s).					
a Diesel-powered trains	\$	}			305
b Intercity and local buses					

**9 Total Income Tax Credit Claimed**

Add lines 1 through 8. Enter here and on Form 1040, line 59 (also check box b on line 59); Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23c; Form 1041, line 25g; or the proper line of other returns . . . . . ►

**9**

\$

Form **4137**Department of the Treasury  
Internal Revenue Service**Social Security and Medicare Tax  
on Unreported Tip Income**

▶ See instructions on back.

▶ Attach to Form 1040.

OMB No. 1545-0059

**1997**Attachment  
Sequence No. **24**

Name of person who received tips (as shown on Form 1040). If married, complete a separate Form 4137 for each spouse with unreported tips.

**Social security number**

Name(s) of employer(s) to whom you were required to, but did not, report your tips:

1 Total cash and charge tips you <b>received</b> in 1997. See instructions . . . . .	1		
2 Total cash and charge tips you <b>reported</b> to your employer in 1997 . . . . .	2		
3 Subtract line 2 from line 1. This amount is income you <b>must</b> include in the total on Form 1040, line 7 . . . . .	3		
4 Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month. See instructions . . . . .	4		
5 Unreported tips subject to Medicare tax. Subtract line 4 from line 3. Enter here and on line 2 of Schedule U below . . . . .	5		
6 Maximum amount of wages (including tips) subject to social security tax	6	65,400	00
7 Total social security wages and social security tips (total of boxes 3 and 7 on Form(s) W-2) or railroad retirement (tier 1) compensation	7		
8 Subtract line 7 from line 6. If line 7 is more than line 6, enter -0- here and on line 9 and go to line 11	8		
9 Unreported tips subject to social security tax. Compare the amounts on lines 5 and 8 above. Enter the <b>smaller</b> of the two amounts here and on line 1 of Schedule U below. If you received tips as a Federal, state, or local government employee, see instructions . . . . .	9		
10 Multiply line 9 by .062 . . . . .	10		
11 Multiply line 5 by .0145. . . . .	11		
12 Add lines 10 and 11. Enter the result here and on Form 1040, line 49 . . . . . ▶	12		

For Paperwork Reduction Act Notice, see instructions on back.

Form **4137** (1997)

Do Not Detach

**SCHEDULE U  
(Form 1040)**Department of the Treasury  
Internal Revenue Service**U.S. Schedule of Unreported Tip Income**

For crediting to your social security record

**1997****Note:** The amounts you report below are for your social security record. This record is used to figure any benefits, based on your earnings, payable to you and your dependents or your survivors. Fill in each item accurately and completely.

Print or type name of person who received tip income (as shown on Form 1040)	<b>Social security number</b>
Address (number, street, and apt. no., or P.O. box if mail is not delivered to your home)	
Occupation	
City, town or post office, state, and ZIP code	

1 Unreported tips subject to social security tax. Enter the amount from line 9 (Form 4137) above . ▶	1		
2 Unreported tips subject to Medicare tax. Enter the amount from line 5 (Form 4137) above . . ▶	2		

**Please do not write in this space**

DLN—

# Recapture of Investment Credit

OMB No. 1545-0166

Attachment  
Sequence No. **65**

► **Attach to your income tax return.**

Name(s) as shown on return

Identifying number

Properties	Type of property—State whether rehabilitation, energy, reforestation, or transition property. (See the Instructions for Form 3468 for the year the investment credit property was placed in service for definitions.) If rehabilitation property, also show type of building. If energy property, show type.
A	
B	
C	
D	

## Original Investment Credit

Computation Steps: (see Specific Instructions)	Properties			
	A	B	C	D
1 Original rate of credit . . . . .				
2 Cost or other basis . . . . .				
3 Original credit. Multiply line 2 by the percentage on line 1 . . . . .				
4 Date property was placed in service . . . . .	/ /	/ /	/ /	/ /
5 Date property ceased to be qualified investment credit property . . . . .	/ /	/ /	/ /	/ /
6 Number of full years between the date on line 4 and the date on line 5 . . . . .				

## Computation of Recapture Tax

7 Recapture percentage (see instructions) . . . . .				
8 Tentative recapture tax. Multiply line 3 by the percentage on line 7. . . . .				
9 Add line 8, columns A through D . . . . .				
10 Enter the recapture tax from property for which there was an increase in nonqualified nonrecourse financing (attach separate computation) . . . . .				
11 Add lines 9 and 10 . . . . .				
12 Portion of original credit (line 3) not used to offset tax in any year, plus any carryback and carryforward of credits you now can apply to the original credit year because you have freed up tax liability in the amount of the tax recaptured. Do not enter more than line 11—see instructions. . . . .				
13 Total increase in tax. Subtract line 12 from line 11. Enter here and on the appropriate line of your tax return. See section 29(b)(4) if you claim the nonconventional source fuel credit . . . . .				

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of

any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . . . 6 hr., 28 min.

**Learning about the law or the form** . . . . . 1 hr., 23 min.

**Preparing, copying, assembling, and sending the form to the IRS** . . . . . 1 hr., 33 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the instructions for the tax return with which this form is filed.

## Purpose of Form

Use Form 4255 to figure the increase in tax for the recapture of investment credit claimed.

## Who Must Refigure the Investment Credit

Generally, you must refigure the investment credit and may have to recapture all or part of it if:

- You disposed of investment credit property before the end of 5 full years after the property was placed in service (recapture period).
- You changed the use of the property before the end of the recapture period so that it no longer qualifies as investment credit property.
- The business use of the property decreased before the end of the recapture

Form <b>4562</b>	<b>Depreciation and Amortization</b> <b>(Including Information on Listed Property)</b>	OMB No. 1545-0172
Department of the Treasury Internal Revenue Service (99)	▶ See separate instructions. ▶ Attach this form to your return.	<b>1997</b> Attachment Sequence No. <b>67</b>
Name(s) shown on return	Business or activity to which this form relates	Identifying number

**Part I Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions . . . . .	1	\$18,000
2	Total cost of section 179 property placed in service. See page 2 of the instructions . . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation . . . . .	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- . . . . .	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions . . . . .	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
7	Listed property. Enter amount from line 27. . . . .	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 . . . . .	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8 . . . . .	9	
10	Carryover of disallowed deduction from 1996. See page 3 of the instructions . . . . .	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 . . . . .	12	
13	Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12 ▶	13	

**Note:** Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)**

**Section A—General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions . . . . . ▶ ☐

**Section B—General Depreciation System (GDS)** (See page 3 of the instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

**Section C—Alternative Depreciation System (ADS)** (See page 6 of the instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part III Other Depreciation (Do Not Include Listed Property.)** (See page 6 of the instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1997 . . . . .	17	
18	Property subject to section 168(f)(1) election . . . . .	18	
19	ACRS and other depreciation . . . . .	19	

**Part IV Summary** (See page 7 of the instructions.)

20	Listed property. Enter amount from line 26. . . . .	20	
21	<b>Total.</b> Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions . . . . .	21	
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	22	

**Part V Listed Property—Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement**

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See page 8 of the instructions for limits for passenger automobiles.)**

**23a** Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** **23b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	----------------------------------	---	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

**24** Property used more than 50% in a qualified business use (See page 7 of the instructions.):

		%						
		%						
		%						

**25** Property used 50% or less in a qualified business use (See page 7 of the instructions.):

		%				S/L -		
		%				S/L -		
		%				S/L -		

**26** Add amounts in column (h). Enter the total here and on line 20, page 1. **26**

**27** Add amounts in column (i). Enter the total here and on line 7, page 1. **27**

**Section B—Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
<b>28</b> Total business/investment miles driven during the year (DO NOT include commuting miles)						
<b>29</b> Total commuting miles driven during the year						
<b>30</b> Total other personal (noncommuting) miles driven . . . . .						
<b>31</b> Total miles driven during the year. Add lines 28 through 30. . . . .						
	Yes	No	Yes	No	Yes	No
<b>32</b> Was the vehicle available for personal use during off-duty hours? . . . . .						
<b>33</b> Was the vehicle used primarily by a more than 5% owner or related person?						
<b>34</b> Is another vehicle available for personal use? . . . . .						

**Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are **not** more than 5% owners or related persons.

	Yes	No
<b>35</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>36</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 9 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>37</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>38</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
<b>39</b> Do you meet the requirements concerning qualified automobile demonstration use? See page 9 of the instructions . . . . .		

**Note:** If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>40</b> Amortization of costs that begins during your 1997 tax year:					
<b>41</b> Amortization of costs that began before 1997 . . . . .				<b>41</b>	
<b>42</b> <b>Total.</b> Enter here and on "Other Deductions" or "Other Expenses" line of your return . . . . .				<b>42</b>	



**Casualties and Thefts**

▶ See separate instructions.

▶ Attach to your tax return.

▶ Use a separate Form 4684 for each different casualty or theft.

**1997**Attachment  
Sequence No. **26**

Name(s) shown on tax return

Identifying number

**SECTION A—Personal Use Property** (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes.)

- 1 Description of properties (show type, location, and date acquired for each):

Property A .....

Property B .....

Property C .....

Property D .....

		Properties (Use a separate column for each property lost or damaged from one casualty or theft.)			
		A	B	C	D
2	Cost or other basis of each property . . . . .				
3	Insurance or other reimbursement (whether or not you filed a claim). See instructions . . . . . <b>Note:</b> If line 2 is <b>more than</b> line 3, skip line 4.				
4	Gain from casualty or theft. If line 3 is <b>more than</b> line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year . . . . .				
5	Fair market value <b>before</b> casualty or theft . . . . .				
6	Fair market value <b>after</b> casualty or theft . . . . .				
7	Subtract line 6 from line 5 . . . . .				
8	Enter the <b>smaller</b> of line 2 or line 7 . . . . .				
9	Subtract line 3 from line 8. If zero or less, enter -0- . . . . .				
10	Casualty or theft loss. Add the amounts on line 9. Enter the total . . . . .				
11	Enter the amount from line 10 or \$100, whichever is <b>smaller</b> . . . . .				
12	Subtract line 11 from line 10 . . . . . <b>Caution:</b> Use only one Form 4684 for lines 13 through 18.				
13	Add the amounts on line 12 of all Forms 4684 . . . . .				
14	Combine the amounts from line 4 of all Forms 4684 . . . . .				
15	<ul style="list-style-type: none"> <li>• If line 14 is <b>more than</b> line 13, enter the difference here and on Schedule D. Do not complete the rest of this section (see instructions).</li> <li>• If line 14 is <b>less than</b> line 13, enter -0- here and continue with the form.</li> <li>• If line 14 is <b>equal to</b> line 13, enter -0- here. Do not complete the rest of this section.</li> </ul>				
16	If line 14 is <b>less than</b> line 13, enter the difference . . . . .				
17	Enter 10% of your adjusted gross income (Form 1040, line 33). Estates and trusts, see instructions . . . . .				
18	Subtract line 17 from line 16. If zero or less, enter -0-. Also enter result on Schedule A (Form 1040), line 19. Estates and trusts, enter on the "Other deductions" line of your tax return . . . . .				

Name(s) shown on tax return. Do not enter name and identifying number if shown on other side.

Identifying number

**SECTION B—Business and Income-Producing Property** (Use this section to report casualties and thefts of property used in a trade or business or for income-producing purposes.)**Part I Casualty or Theft Gain or Loss** (Use a separate Part I for each casualty or theft.)**19** Description of properties (show type, location, and date acquired for each):

Property A .....

Property B .....

Property C .....

Property D .....

		Properties (Use a separate column for each property lost or damaged from one casualty or theft.)				
		A	B	C	D	
<b>20</b>	Cost or adjusted basis of each property . . . . .	<b>20</b>				
<b>21</b>	Insurance or other reimbursement (whether or not you filed a claim). See the instructions for line 3 . . . . . <b>Note:</b> If line 20 is <b>more than</b> line 21, skip line 22.	<b>21</b>				
<b>22</b>	Gain from casualty or theft. If line 21 is <b>more than</b> line 20, enter the difference here and on line 29 or line 34, column (c), except as provided in the instructions for line 33. Also, skip lines 23 through 27 for that column. See the instructions for line 4 if line 21 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year . . . . .	<b>22</b>				
<b>23</b>	Fair market value <b>before</b> casualty or theft . . . . .	<b>23</b>				
<b>24</b>	Fair market value <b>after</b> casualty or theft . . . . .	<b>24</b>				
<b>25</b>	Subtract line 24 from line 23 . . . . .	<b>25</b>				
<b>26</b>	Enter the <b>smaller</b> of line 20 or line 25 . . . . . <b>Note:</b> If the property was totally destroyed by casualty or lost from theft, enter on line 26 the amount from line 20.	<b>26</b>				
<b>27</b>	Subtract line 21 from line 26. If zero or less, enter -0-	<b>27</b>				
<b>28</b>	Casualty or theft loss. Add the amounts on line 27. Enter the total here and on line 29 or line 34 (see instructions).	<b>28</b>				

<b>Part II Summary of Gains and Losses</b> (from separate Parts I)		(b) Losses from casualties or thefts		(c) Gains from casualties or thefts includible in income
(a) Identify casualty or theft		(i) Trade, business, rental or royalty property	(ii) Income-producing property	

**Casualty or Theft of Property Held One Year or Less**

<b>29</b>		( )	( )	
		( )	( )	
<b>30</b>	Totals. Add the amounts on line 29 . . . . .	<b>30</b>	( )	( )
<b>31</b>	Combine line 30, columns (b)(i) and (c). Enter the net gain or (loss) here and on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions . . . . .	<b>31</b>		
<b>32</b>	Enter the amount from line 30, column (b)(ii) here and on Schedule A (Form 1040), line 22. Partnerships, S corporations, estates and trusts, see instructions . . . . .	<b>32</b>		

**Casualty or Theft of Property Held More Than One Year**

<b>33</b>	Casualty or theft gains from Form 4797, line 32 . . . . .	<b>33</b>	
<b>34</b>		( )	( )
		( )	( )
<b>35</b>	Total losses. Add amounts on line 34, columns (b)(i) and (b)(ii) . . . . .	<b>35</b>	( )
<b>36</b>	Total gains. Add lines 33 and 34, column (c) . . . . .	<b>36</b>	
<b>37</b>	Add amounts on line 35, columns (b)(i) and (b)(ii) . . . . .	<b>37</b>	
<b>38</b>	If the loss on line 37 is <b>more than</b> the gain on line 36:		
a	Combine line 35, column (b)(i) and line 36, and enter the net gain or (loss) here. Partnerships and S corporations see the note below. All others enter this amount on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions . . . . .	<b>38a</b>	
b	Enter the amount from line 35, column (b)(ii) here. Partnerships and S corporations see the note below. Individuals enter this amount on Schedule A (Form 1040), line 22. Estates and trusts, enter on the "Other deductions" line of your tax return . . . . .	<b>38b</b>	
<b>39</b>	If the loss on line 37 is <b>equal to or less than</b> the gain on line 36, combine these lines and enter here. Partnerships, see the note below. All others, enter this amount on Form 4797, line 3, column (g) and the net 28% rate gain or (loss), if applicable, in column (h) . . . . .	<b>39</b>	

**Note:** Partnerships, enter the amount from line 38a, 38b, or line 39 on Form 1065, Schedule K, line 7. S corporations, enter the amount from line 38a or 38b on Form 1120S, Schedule K, line 6.





**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

**1997**Attachment  
Sequence No. **27**

Name(s) shown on return

Identifying number

- 1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1997 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 10, or 20 . . . . . 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Property Held More Than 1 Year**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) GAIN or (LOSS) for entire year. Subtract (f) from the sum of (d) and (e)	(h) 28% RATE GAIN or (LOSS) * (see instr. below)
2							
3	Gain, if any, from Form 4684, line 39 . . . . .					3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . . .					4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . . .					5	
6	Gain, if any, from line 32, from other than casualty or theft . . . . .					6	
7	Combine lines 2 through 6 in columns (g) and (h). Enter gain or (loss) here, and on the appropriate line as follows: <b>Partnerships</b> —Enter the gain or (loss) on Form 1065, Schedule K, lines 6a and 6b. Skip lines 8, 9, 11, and 12 below. <b>S corporations</b> —Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7, column (g) is a gain and the S corporation is subject to the capital gains tax. <b>All others</b> —If line 7, column (g) is zero or a loss, enter that amount on line 11 below and skip lines 8 and 9. If line 7, column (g) is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, and 12 below.					7	
8	Nonrecaptured net section 1231 losses from prior years (see instructions) . . . . .					8	
9	Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions): <b>S corporations</b> —Enter only the gain in column (g) on Schedule D (Form 1120S), line 14, and skip lines 11 and 12 below. <b>All others</b> —If line 9, column (g) is zero, enter the gain from line 7, column (g) on line 12 below. If line 9, column (g) is more than zero, enter the amount from line 8, column (g) on line 12 below, and enter the gain or (loss) in each column of line 9 as a long-term capital gain or (loss) on Schedule D.					9	

\* Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain. 28% rate gain or loss includes all gains and losses in column (g) from sales, exchanges, or conversions (including installment payments received) either (a) before 5/7/97 or (b) after 7/28/97 for assets held more than 1 year but not more than 18 months.

**Part II Ordinary Gains and Losses**

- 10 Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

11	Loss, if any, from line 7, column (g) . . . . .					11	
12	Gain, if any, from line 7, column (g) or amount from line 8, column (g) if applicable . . . . .					12	
13	Gain, if any, from line 31 . . . . .					13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a . . . . .					14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36 . . . . .					15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824 . . . . .					16	
17	Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) . . . . .					17	
18	Combine lines 10 through 17 in column (g). Enter gain or (loss) here, and on the appropriate line as follows: a For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed. b For individual returns: (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 18b(1)." See instructions . . . . . (2) Redetermine the gain or (loss) on line 18, excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 . . . . .					18	
						18b(1)	
						18b(2)	

**Part III** Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B
		Property C	Property D
20	Gross sales price ( <b>Note:</b> See line 1 before completing.) . . . . .	20	
21	Cost or other basis plus expense of sale . . . . .	21	
22	Depreciation (or depletion) allowed or allowable . . . . .	22	
23	Adjusted basis. Subtract line 22 from line 21 . . . . .	23	
24	Total gain. Subtract line 23 from line 20 . . . . .	24	
25	<b>If section 1245 property:</b>		
a	Depreciation allowed or allowable from line 22 . . . . .	25a	
b	Enter the <b>smaller</b> of line 24 or 25a . . . . .	25b	
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975 (see instructions) . . . . .	26a	
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions) . . . . .	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e . . . . .	26c	
d	Additional depreciation after 1969 and before 1976 . . . . .	26d	
e	Enter the <b>smaller</b> of line 26c or 26d . . . . .	26e	
f	Section 291 amount (corporations only) . . . . .	26f	
g	Add lines 26b, 26e, and 26f . . . . .	26g	
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership.		
a	Soil, water, and land clearing expenses . . . . .	27a	
b	Line 27a multiplied by applicable percentage (see instructions) . . . . .	27b	
c	Enter the <b>smaller</b> of line 24 or 27b . . . . .	27c	
28	<b>If section 1254 property:</b>		
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) . . . . .	28a	
b	Enter the <b>smaller</b> of line 24 or 28a . . . . .	28b	
29	<b>If section 1255 property:</b>		
a	Applicable percentage of payments excluded from income under section 126 (see instructions) . . . . .	29a	
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions) . . . . .	29b	

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24 . . . . .	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 . . . . .	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6, column (g), and if applicable, column (h) . . . . .	32	

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less See instructions.

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years . . . . .	33	
34	Recomputed depreciation. See instructions . . . . .	34	
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report . . . . .	35	



**Farm Rental Income and Expenses**  
(Crop and Livestock Shares (Not Cash) Received by Landowner (or Sub-Lessor))  
(Income not subject to self-employment tax)  
▶ Attach to Form 1040. ▶ See instructions on back.

Name(s) shown on Form 1040

Your social security number

Employer ID number (EIN), if any

**A** Did you actively participate in the operation of this farm during 1997? See instructions ☐ Yes ☐ No

**Part I Gross Farm Rental Income—Based on Production.** Include amounts converted to cash or the equivalent.

<b>1</b> Income from production of livestock, produce, grains, and other crops . . . . .	<b>1</b>		
<b>2a</b> Total cooperative distributions (Form(s) 1099-PATR) <b>2a</b>	<b>2b</b> Taxable amount	<b>2b</b>	
<b>3a</b> Agricultural program payments. See instructions <b>3a</b>	<b>3b</b> Taxable amount	<b>3b</b>	
<b>4</b> Commodity Credit Corporation (CCC) loans. See instructions:			
<b>a</b> CCC loans reported under election . . . . .	<b>4a</b>		
<b>b</b> CCC loans forfeited . . . . . <b>4b</b>	<b>4c</b> Taxable amount	<b>4c</b>	
<b>5</b> Crop insurance proceeds and certain disaster payments. See instructions:			
<b>a</b> Amount received in 1997 . . . . . <b>5a</b>	<b>5b</b> Taxable amount	<b>5b</b>	
<b>c</b> If election to defer to 1998 is attached, check here <input type="checkbox"/> <b>5d</b> Amount deferred from 1996 . . . . .	<b>5d</b>		
<b>6</b> Other income, including Federal and state gasoline or fuel tax credit or refund. See instructions	<b>6</b>		
<b>7</b> <b>Gross farm rents.</b> Add amounts in the right column for lines 1 through 6. Enter the total here and on Schedule E (Form 1040), line 41 . . . . . ▶	<b>7</b>		

**Part II Expenses—Farm Rental Property.** Do not include personal or living expenses.

<b>8</b> Car and truck expenses. See Schedule F instructions—also attach <b>Form 4562</b> . . . . . <b>8</b>	<b>21</b> Pension and profit-sharing plans . . . . . <b>21</b>		
<b>9</b> Chemicals . . . . . <b>9</b>	<b>22</b> Rent or lease. See instructions:		
<b>10</b> Conservation expenses (see instructions) . . . . . <b>10</b>	<b>a</b> Vehicles, machinery, and equipment . . . . . <b>22a</b>		
<b>11</b> Custom hire (machine work) . . . . . <b>11</b>	<b>b</b> Other (land, animals, etc.) . . . . . <b>22b</b>		
<b>12</b> Depreciation and section 179 expense deduction not claimed elsewhere . . . . . <b>12</b>	<b>23</b> Repairs and maintenance . . . . . <b>23</b>		
<b>13</b> Employee benefit programs other than on line 21. See Schedule F instructions . . . . . <b>13</b>	<b>24</b> Seeds and plants purchased . . . . . <b>24</b>		
<b>14</b> Feed purchased . . . . . <b>14</b>	<b>25</b> Storage and warehousing . . . . . <b>25</b>		
<b>15</b> Fertilizers and lime . . . . . <b>15</b>	<b>26</b> Supplies purchased . . . . . <b>26</b>		
<b>16</b> Freight and trucking . . . . . <b>16</b>	<b>27</b> Taxes . . . . . <b>27</b>		
<b>17</b> Gasoline, fuel, and oil . . . . . <b>17</b>	<b>28</b> Utilities . . . . . <b>28</b>		
<b>18</b> Insurance (other than health) . . . . . <b>18</b>	<b>29</b> Veterinary, breeding, and medicine . . . . . <b>29</b>		
<b>19</b> Interest:	<b>30</b> Other expenses (specify):		
<b>a</b> Mortgage (paid to banks, etc.) . . . . . <b>19a</b>	<b>a</b> . . . . . <b>30a</b>		
<b>b</b> Other . . . . . <b>19b</b>	<b>b</b> . . . . . <b>30b</b>		
<b>20</b> Labor hired (less employment credits). See Schedule F instructions . . . . . <b>20</b>	<b>c</b> . . . . . <b>30c</b>		
	<b>d</b> . . . . . <b>30d</b>		
	<b>e</b> . . . . . <b>30e</b>		
	<b>f</b> . . . . . <b>30f</b>		
	<b>g</b> . . . . . <b>30g</b>		
<b>31</b> <b>Total expenses.</b> Add lines 8 through 30g . . . . . ▶	<b>31</b>		
<b>32</b> <b>Net farm rental income or (loss).</b> Subtract line 31 from line 7. If the result is income, enter it here and on Schedule E, line 39. If the result is a loss, you MUST go on to line 33 . . . . .	<b>32</b>		
<b>33</b> If line 32 is a loss, you MUST check the box that describes your investment in this activity. See instructions . . . . .	<b>33a</b> <input type="checkbox"/> All investment is at risk.		
	<b>33b</b> <input type="checkbox"/> Some investment is not at risk.		
You may need to complete <b>Form 8582</b> to determine your deductible loss, regardless of which box you check (see instructions). However, if you checked 33b, you MUST complete <b>Form 6198</b> before going to Form 8582. In either case, enter the deductible loss here and on Schedule E, line 39 . . . . .	<b>33c</b>		

**Application for Automatic Extension of Time  
To File U.S. Individual Income Tax Return**

OMB No. 1545-0188

**1997****General Instructions****Purpose of Form**

Use Form 4868 to apply for 4 more months to file **Form 1040EZ, Form 1040A, or Form 1040.**

To get the extra time you **MUST**:

- Properly estimate your 1997 tax liability using the information available to you,
- Enter your tax liability on line 9 of Form 4868, **AND**
- File Form 4868 by the regular due date of your return.

You are not required to send a payment of the tax you estimate as due. However, see **Interest and Late Payment Penalty** on page 3. Any remittance you send with your application for extension will be treated as a payment of tax.

You do not have to explain why you are asking for the extension. We will contact you only if your request is denied.

**Do not** file Form 4868 if you want the IRS to figure your tax or you are under a court order to file your return by the regular due date.

If you need an additional extension, see **If You Need Additional Time** on this page.

**Note:** An extension of time to file your 1997 *calendar year income tax return* also extends the time to file a gift or generation-skipping transfer (GST) tax return (**Form 709 or 709-A**) for 1997.

**Out of the Country**

If you already had 2 extra months to file because you were a U.S. citizen or resident and were out of the country, use this form to obtain an additional 2 months to file. Write "Taxpayer Abroad" across the top of Form 4868. "Out of the country" means either (a) you live outside the United States and Puerto Rico **and** your main place of work is outside the United States and Puerto Rico, **or** (b) you are in military or naval service outside the United States and Puerto Rico.

**When To File Form 4868**

File Form 4868 by April 15, 1998. Fiscal year taxpayers, file Form 4868 by the regular due date of the return.

If you had 2 extra months to file your return because you were out of the country, file Form 4868 by June 15, 1998, for a 1997 calendar year return.

**How To Send In Your Payment**

- When sending a payment with Form 4868, use the addresses in the middle column under **Where To File** on page 2.
- Make your check or money order payable to "Internal Revenue Service" (not "IRS"). Do not send cash.
- Write your social security number, daytime phone number, and "1997 Form 4868" on the front of your check or money order.
- Do not staple or attach your payment to the form.

**If You Need Additional Time**

If the automatic 4-month extension (until August 17, 1998, for most calendar year taxpayers) does not give you enough time, you can ask for additional time later. But you will have to give a good reason, and it must be approved by the IRS. To ask for the additional time, you must **either**:

1. File **Form 2688**, Application for Additional Extension of Time To File U.S. Individual Income Tax Return, or
2. Explain your reason in a letter. Mail it to the address in the right column under **Where To File** on page 2.

File Form 4868 **before** you file Form 2688 or write a letter asking for more time. Only in cases of undue hardship will the IRS approve your request for an additional extension without receiving Form 4868 first. Ask early for this extra time. Then, you can still file your return on time if your request is not approved.

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13141W

Form **4868** (1997)

▼ DETACH HERE ▼

**Application for Automatic Extension of Time  
To File U.S. Individual Income Tax Return**

OMB No. 1545-0188

**1997**

For calendar year 1997, or other tax year beginning ,1997, ending ,19 .

<b>Part I Identification</b>		<b>Part II Individual Taxes</b>
<b>1</b> Your name(s) (see instructions)		<b>4</b> Total tax liability for 1997 . . . . \$ _____
Address (see instructions)		<b>5</b> Total 1997 payments . . . . . _____
City, town or post office, state, and ZIP code		<b>6</b> <b>Balance.</b> Subtract 5 from 4 . . . . . _____
<b>2</b> Your social security number : : : :	<b>3</b> Spouse's social security no. : : : :	<b>Part III Gift/GST Tax</b> —If you are not filing a gift or GST tax return, go to Part IV now. See the instructions.
This form also extends the time for filing a gift or generation-skipping transfer (GST) tax return if you file a calendar (not fiscal) year income tax return. Check below if requesting a gift or GST tax return extension, and enter your tax payment(s) in Part III:		<b>7</b> Your gift or GST tax payment. . . . \$ _____
Yourself ► <input type="checkbox"/> Spouse ► <input type="checkbox"/>		<b>8</b> <b>Your spouse's</b> gift/GST tax payment . . . . . _____
		<b>Part IV Total</b>
		<b>9</b> <b>Total liability.</b> Add lines 6, 7, and 8 \$ _____
		<b>10</b> Amount you are paying. . . . . ► _____
		If line 10 is less than line 9, you may be liable for interest and penalties. See page 3.

# Investment Interest Expense Deduction

► Attach to your tax return.

OMB No. 1545-0191

**1997**

Attachment  
Sequence No. **72**

Name(s) shown on return

Identifying number

## Part I Total Investment Interest Expense

1	Investment interest expense paid or accrued in 1997. See instructions.	1		
2	Disallowed investment interest expense from 1996 Form 4952, line 7	2		
3	<b>Total investment interest expense.</b> Add lines 1 and 2	3		

## Part II Net Investment Income

4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	4a		
b	Net gain from the disposition of property held for investment	4b		
c	Net capital gain from the disposition of property held for investment	4c		
d	Subtract line 4c from line 4b. If zero or less, enter -0-	4d		
e	Enter all or part of the amount on line 4c that you elect to include in investment income. Do not enter more than the amount on line 4b. See instructions ►	4e		
f	Investment income. Add lines 4a, 4d, and 4e. See instructions	4f		
5	Investment expenses. See instructions	5		
6	<b>Net investment income.</b> Subtract line 5 from line 4f. If zero or less, enter -0-	6		

## Part III Investment Interest Expense Deduction

7	Disallowed investment interest expense to be carried forward to 1998. Subtract line 6 from line 3. If zero or less, enter -0-	7		
8	<b>Investment interest expense deduction.</b> Enter the smaller of line 3 or 6. See instructions	8		

Section references are to the Internal Revenue Code unless otherwise noted.

## General Instructions

### Purpose of Form

Interest expense paid by an individual, estate, or trust on a loan allocable to property held for investment may not be fully deductible in the current year. Use Form 4952 to figure the amount of investment interest expense deductible for the current year and the amount, if any, to carry forward to future years.

For more details, see **Pub. 550**, Investment Income and Expenses.

### Who Must File

If you are an individual, estate, or a trust, and you claim a deduction for investment interest expense, you must complete and attach Form 4952 to your tax return, unless **all** the following apply.

- Your only investment income was from interest or dividends.
- You have no other deductible expenses connected with the production of interest or dividends.
- Your investment interest expense is not more than your investment income.

- You have no disallowed investment interest expense from 1996.

## Allocation of Interest Expense Under Temporary Regulations Section 1.163-8T

If you paid or accrued interest on a loan and used the loan proceeds for more than one purpose, you may have to allocate the interest. This is necessary because different rules apply to investment interest, personal interest, trade or business interest, home mortgage interest, and passive activity interest. See **Pub. 535**, Business Expenses.

## Specific Instructions

### Part I—Total Investment Interest Expense

#### Line 1

Enter the investment interest paid or accrued during the tax year, regardless of when you incurred the indebtedness. Investment interest is interest paid or accrued on a loan (or part of a loan) that is allocable to property held for investment (as defined later).

Include investment interest expense reported to you on Schedule K-1 from a

partnership or an S corporation. Include amortization of bond premium on taxable bonds purchased after October 22, 1986, but before January 1, 1988, unless you elected to offset amortizable bond premium against the interest payments on the bond. A taxable bond is a bond on which the interest is includible in gross income.

Investment interest expense **does not** include the following:

- Home mortgage interest.
- Interest expense that is properly allocable to a passive activity. Generally, a passive activity is any business activity in which you **do not** materially participate and any rental activity. See the separate instructions for **Form 8582**, Passive Activity Loss Limitations, for more details.
- Any interest expense that is capitalized, such as construction interest subject to section 263A.
- Interest expense related to tax-exempt interest income under section 265.
- Interest expense, disallowed under section 264, on indebtedness with respect to life insurance, endowment, or annuity contracts issued after June 8, 1997, even if the proceeds were used to purchase any property held for investment.

Form **4970**Department of the Treasury  
Internal Revenue Service**Tax on Accumulation Distribution of Trusts**

► Attach to beneficiary's tax return.

► See instructions on back.

OMB No. 1545-0192

**1996**Attachment  
Sequence No. **73**

<b>A</b> Name(s) as shown on return		<b>B</b> Social security number .....
<b>C</b> Name and address of trust		<b>D</b> Employer identification number .....
<b>E</b> Type of trust: <input type="checkbox"/> Domestic <input type="checkbox"/> Foreign	<b>F</b> Beneficiary's date of birth	<b>G</b> Enter number of trusts from which you received accumulation distributions in this tax year . . . . . ►

**Part I Average Income and Determination of Computation Years**

1 Amount of current distribution that is considered distributed in earlier tax years (from Schedule J (Form 1041), line 37, column (a)) . . . . .	1	
2 Distributions of income accumulated before you were born or reached age 21 . . . . .	2	
3 Subtract line 2 from line 1 . . . . .	3	
4 Taxes imposed on the trust on amounts from line 3 (from Schedule J (Form 1041), line 37, column (b))	4	
5 Total (add lines 3 and 4) . . . . .	5	
6 Tax-exempt interest included on line 5 (from Schedule J (Form 1041), line 37, column (c)) . . . .	6	
7 Taxable part of line 5 (subtract line 6 from line 5) . . . . .	7	
8 Number of trust's earlier tax years in which amounts on line 7 are considered distributed . . . .	8	
9 Average annual amount considered distributed (divide line 3 by line 8) . . . . .	9	
10 Multiply line 9 by .25 . . . . .	10	
11 Number of earlier tax years to be taken into account (see instructions) . . . . .	11	
12 Average amount for recomputing tax (divide line 7 by line 11). Enter here and in each column on line 15	12	
13 Enter your taxable income before this distribution for the 5 immediately preceding tax years	(a) 1995	(b) 1994
	(c) 1993	(d) 1992
	(e) 1991	

**Part II Tax Attributable to the Accumulation Distribution**

	(a) 19.....	(b) 19.....	(c) 19.....
14 Enter the amounts from line 13, eliminating the highest and lowest taxable income years . . . . .	14		
15 Enter amount from line 12 in each column . . . . .	15		
16 Recomputed taxable income (add lines 14 and 15) . . . . .	16		
17 Income tax on amounts on line 16 . . . . .	17		
18 Income tax before credits on line 14 income . . . . .	18		
19 Additional tax before credits (subtract line 18 from line 17) . . . . .	19		
20 Tax credit adjustment . . . . .	20		
21 Subtract line 20 from line 19 . . . . .	21		
22 Alternative minimum tax adjustments . . . . .	22		
23 Combine lines 21 and 22 . . . . .	23		
24 Add columns (a), (b), and (c), line 23 . . . . .		24	
25 Divide the line 24 amount by 3 . . . . .		25	
26 Multiply the amount on line 25 by the number of years on line 11 . . . . .		26	
27 Enter the amount from line 4 . . . . .		27	
28 Partial tax (subtract line 27 from line 26) (If line 27 is more than line 26, enter -0-.)		28	
29 Interest charge on accumulation distribution from foreign trusts . . . . .		29	
If this foreign trust made an accumulation distribution to you after August 20, 1996, see instructions. Do not make an entry on this line.			
30 Tax attributable to the accumulation distribution (add lines 28 and 29) . . . . .		30	

**Tax on Lump-Sum Distributions**  
From Qualified Retirement Plans

OMB No. 1545-0193

**1997**

Attachment  
Sequence No. **28**

► Attach to Form 1040 or Form 1041. ► See separate instructions.

Name of recipient of distribution

Identifying number

**Part I** Complete this part to see if you qualify to use Form 4972

	Yes	No
1 Was this a distribution of a plan participant's entire balance from all of an employer's qualified plans of one kind (pension, profit-sharing, or stock bonus)? If "No," do not use this form. . . . .	1	
2 Did you roll over any part of the distribution? If "Yes," do not use this form. . . . .	2	
3 Was this distribution paid to you as a beneficiary of a plan participant who died after reaching age 59½ (or who had been born before 1936)? . . . . .	3	
4 Were you a plan participant who received this distribution after reaching age 59½ and having been in the plan for at least 5 years before the year of the distribution? . . . . . If you answered "No" to both questions 3 and 4, do not use this form.	4	
5a Did you use Form 4972 after 1986 for a previous distribution from your own plan? If "Yes," do not use this form for a 1997 distribution from your own plan . . . . .	5a	
b If you are receiving this distribution as a beneficiary of a plan participant who died, did you use Form 4972 for a previous distribution received for that plan participant after 1986? If "Yes," you may not use the form for this distribution . . . . .	5b	

**Part II** Complete this part to choose the 20% capital gain election (See instructions.) Do not complete this part unless the participant was born before 1936.

6 Capital gain part from box 3 of Form 1099-R . . . . .	6		
7 Multiply line 6 by 20% (.20) . . . . . If you also choose to use Part III, go to line 8. Otherwise, include the amount from line 7 in the total on Form 1040, line 39, or Form 1041, Schedule G, line 1b, whichever applies.	7		

**Part III** Complete this part to choose the 5- or 10-year tax option (See instructions.)

8 Ordinary income from Form 1099-R, box 2a minus box 3. If you did not complete Part II, enter the taxable amount from box 2a of Form 1099-R . . . . .	8		
9 Death benefit exclusion for a beneficiary of a plan participant who died before August 21, 1996 . . . . .	9		
10 Total taxable amount. Subtract line 9 from line 8 . . . . .	10		
11 Current actuarial value of annuity (from Form 1099-R, box 8) . . . . .	11		
12 Adjusted total taxable amount. Add lines 10 and 11. If this amount is \$70,000 or more, skip lines 13 through 16, and enter this amount on line 17 . . . . .	12		
13 Multiply line 12 by 50% (.50), but <b>do not</b> enter more than \$10,000 . . . . .	13		
14 Subtract \$20,000 from line 12. If the result is less than zero, enter -0- . . . . .	14		
15 Multiply line 14 by 20% (.20) . . . . .	15		
16 Minimum distribution allowance. Subtract line 15 from line 13 . . . . .	16		
17 Subtract line 16 from line 12 . . . . .	17		
18 Federal estate tax attributable to lump-sum distribution . . . . .	18		
19 Subtract line 18 from line 17 . . . . .	19		
<b>If line 11 is blank, skip lines 20 through 22 and go to line 23.</b>			
20 Divide line 11 by line 12 and enter the result as a decimal . . . . .	20		
21 Multiply line 16 by the decimal on line 20 . . . . .	21		
22 Subtract line 21 from line 11 . . . . .	22		

**Part III** 5- or 10-year tax option—CONTINUED

5-year tax option	23	Multiply line 19 by 20% (.20) . . . . .	23		
	24	Tax on amount on line 23. Use the Tax Rate Schedule for the 5-Year Tax Option in the instructions . . . . .	24		
	25	Multiply line 24 by five (5). If line 11 is blank, skip lines 26 through 28, and enter this amount on line 29 . . . . .	25		
	26	Multiply line 22 by 20% (.20) . . . . .	26		
	27	Tax on amount on line 26. Use the Tax Rate Schedule for the 5-Year Tax Option in the instructions . . . . .	27		
	28	Multiply line 27 by five (5) . . . . .	28		
29	Subtract line 28 from line 25. (Multiple recipients, see page 2 of the instructions.) . . .		29		
10-year tax option	<b>Note:</b> Complete lines 30 through 36 ONLY if the participant was born before 1936. Otherwise, enter the amount from line 29 on line 37.				
	30	Multiply line 19 by 10% (.10) . . . . .	30		
	31	Tax on amount on line 30. Use the Tax Rate Schedule for the 10-Year Tax Option in the instructions . . . . .	31		
	32	Multiply line 31 by ten (10). If line 11 is blank, skip lines 33 through 35, and enter this amount on line 36 . . . . .	32		
	33	Multiply line 22 by 10% (.10) . . . . .	33		
	34	Tax on amount on line 33. Use the Tax Rate Schedule for the 10-Year Tax Option in the instructions . . . . .	34		
	35	Multiply line 34 by ten (10) . . . . .	35		
36	Subtract line 35 from line 32. (Multiple recipients, see page 2 of the instructions.) . . .		36		
37	Compare lines 29 and 36. Generally, you should enter the <b>smaller</b> amount here (see instructions) . . . . . ▶		37		
38	Tax on lump-sum distribution. Add lines 7 and 37. Also, include in the total on Form 1040, line 39, or Form 1041, Schedule G, line 1b, whichever applies . . . . . ▶		38		





**Additional Taxes Attributable to Qualified Retirement Plans (Including IRAs), Annuities, Modified Endowment Contracts, and MSAs**  
(Under Sections 72, 4973, and 4974 of the Internal Revenue Code)  
▶ Attach to Form 1040. See separate instructions.

OMB No. 1545-0203

**1997**Attachment  
Sequence No. **29**

Name of individual subject to additional tax. (If married filing jointly, see page 2 of the instructions.)

Your social security number

**Fill in Your Address Only  
If You Are Filing This  
Form by Itself and Not  
With Your Tax Return**

Home address (number and street), or P.O. box if mail is not delivered to your home

Apt. no.

City, town or post office, state, and ZIP code

If this is an amended  
return, check here ▶ ☐

If you are subject to the 10% tax on early distributions **only**, see **Who Must File** in the instructions before continuing. You may be able to report this tax directly on Form 1040 without filing Form 5329.

**Part I Tax on Early Distributions**

Complete this part if a taxable distribution was made from your qualified retirement plan (including an IRA), annuity contract, or modified endowment contract before you reached age 59½ (or was incorrectly indicated as such on your Form 1099-R—see instructions). **Note:** You must include the amount of the distribution on line 15b or 16b of Form 1040.

1	Early distributions included in gross income (see page 2 of the instructions) . . . . .	1		
2	Distributions excepted from additional tax (see page 2 of the instructions). Enter appropriate exception number from instructions ▶ _____ . . . . .	2		
3	Amount subject to additional tax. Subtract line 2 from line 1 . . . . .	3		
4	<b>Tax due.</b> Multiply line 3 by 10% (.10). Enter here and on Form 1040, line 50 . . . . .	4		

**Caution:** If any amount on line 3 was a distribution from a SIMPLE retirement plan, you must multiply that distribution by 25% (.25) instead of 10%. See instructions for more information.

**Part II Tax on Excess Contributions to Individual Retirement Arrangements**

Complete this part if, either in this year or in earlier years, you contributed more to your IRA than is or was allowable and you have an excess contribution subject to tax.

5	Excess contributions for 1997 (see page 3 of the instructions). Do not include this amount on Form 1040, line 23 . . . . .	5		
6	Earlier year excess contributions not previously eliminated (see page 3 of the instructions) . . . . .	6		
7	Contribution credit. If your actual contribution for 1997 is less than your maximum allowable contribution, see page 3 of the instructions; otherwise, enter -0- . . . . .	7		
8	1997 distributions from your IRA account that are includible in taxable income . . . . .	8		
9	1996 tax year excess contributions (if any) withdrawn after the due date (including extensions) of your 1996 income tax return, and 1995 and earlier tax year excess contributions withdrawn in 1997 . . . . .	9		
10	Add lines 7, 8, and 9 . . . . .	10		
11	Adjusted earlier year excess contributions. Subtract line 10 from line 6. Enter the result, but not less than zero . . . . .	11		
12	Total excess contributions. Add lines 5 and 11 . . . . .	12		
13	<b>Tax due.</b> Enter the <b>smaller</b> of 6% (.06) of line 12 or 6% (.06) of the value of your IRA on the last day of 1997. Also enter this amount on Form 1040, line 50 . . . . .	13		

**Part III Tax on Excess Contributions to Medical Savings Accounts**

<b>14</b>	Excess contributions for 1997 (see page 4 of the instructions). Do not include this amount on Form 1040, line 24 . . . . .	<b>14</b>		
<b>15</b>	<b>Tax due.</b> Enter the <b>smaller</b> of 6% (.06) of line 14 or 6% (.06) of the value of your MSA on the last day of 1997. Also enter this amount on Form 1040, line 50 . . . . .	<b>15</b>		

**Part IV Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs)**

<b>16</b>	Minimum required distribution (see page 4 of the instructions) . . . . .	<b>16</b>		
<b>17</b>	Amount actually distributed to you . . . . .	<b>17</b>		
<b>18</b>	Subtract line 17 from line 16. If line 17 is more than line 16, enter -0- . . . . .	<b>18</b>		
<b>19</b>	<b>Tax due.</b> Multiply line 18 by 50% (.50). Enter here and on Form 1040, line 50 . . . . .	<b>19</b>		

**Signature.** *Complete **ONLY** if you are filing this form by itself and not with your tax return.*

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Please  
Sign  
Here**

<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: black; margin-right: 5px;"></div> <div style="flex-grow: 1;">Your signature</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: black; margin-right: 5px;"></div> <div style="flex-grow: 1;">Date</div> </div>
---	---

**Paid  
Preparer's  
Use Only**

Preparer's signature <div style="width: 20px; height: 20px; background-color: black; display: inline-block; vertical-align: middle;"></div>	Date	Check if self-employed <div style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; vertical-align: middle;"></div>	Preparer's social security no. : :
Firm's name (or yours, if self-employed) and address <div style="width: 20px; height: 20px; background-color: black; display: inline-block; vertical-align: middle;"></div>	EIN <div style="width: 20px; height: 20px; background-color: black; display: inline-block; vertical-align: middle;"></div>	:	
	ZIP code <div style="width: 20px; height: 20px; background-color: black; display: inline-block; vertical-align: middle;"></div>		



**At-Risk Limitations**

▶ Attach to your tax return.

▶ See separate instructions.

**1997**Attachment  
Sequence No. **31**

Name(s) shown on return

Identifying number

Description of activity (See Specific Instructions on page 2.)

**Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts.** See instructions. (Enter losses in parentheses.)

1	Ordinary income (loss) from the activity. See page 2 of the instructions . . . . .	1		
2	Gain (loss) from the sale or other disposition of assets used in the activity (or your interest in the activity) that you initially will be reporting on:			
a	Schedule D . . . . .	2a		
b	Form 4797 . . . . .	2b		
c	Other form or schedule . . . . .	2c		
3	Other income or gains from the activity from Schedule K-1 of Form 1065 or Form 1120S, whichever applies, that were not included above on lines 1 through 2c . . . . .	3		
4	Other deductions or losses from the activity, including investment interest expense allowed from Form 4952, that were not used in figuring amounts on lines 1 through 3 . . . . .	4	(	)
5	Current year profit (loss) from the activity. Combine lines 1 through 4. See the line 5 instructions on page 2 before completing the rest of this form . . . . .	5		

**Part II Simplified Computation of Amount At Risk** (See instructions on page 3 for who may use this part.)

6	Adjusted basis (as defined in section 1011) in the activity (or adjusted basis of your interest in the activity) on the first day of the tax year. Do not enter less than zero . . . . .	6		
7	Increases for the tax year . . . . .	7		
8	Add lines 6 and 7 . . . . .	8		
9	Decreases for the tax year . . . . .	9		
10	Amount at risk. Subtract line 9 from line 8 and enter the result here ▶ 10a			
	Also, enter the result on line 10b. However, if the result is less than zero, enter -0- on line 10b and see <b>Pub. 925</b> for information on the recapture rules. <b>Note:</b> You may want to use Part III to see if it gives you a larger amount at risk. Enter the larger amount (but not less than zero) on line 20. .	10b		

**Part III Detailed Computation of Amount At Risk**

(If you completed Part III of Form 6198 for 1996, see instructions for Part III for 1997 on page 3.)

11	Investment (or investment in interest) in the activity at the effective date. Do not enter less than zero . . . . .	11		
12	Increases at effective date . . . . .	12		
13	Add lines 11 and 12 . . . . .	13		
14	Decreases at effective date . . . . .	14		
15	Amount at risk (check box that applies):			
a	<input type="checkbox"/> At effective date. Subtract line 14 from line 13. Do not enter less than zero. . . . .	15		
b	<input type="checkbox"/> From 1996 Form 6198, line 19b. (Do not enter the amount from line 10b of the 1996 form.) . . . . .			
16	Increases since (check box that applies):			
a	<input type="checkbox"/> Effective date . . . . .	16		
b	<input type="checkbox"/> The end of your 1996 tax year . . . . .			
17	Add lines 15 and 16 . . . . .	17		
18	Decreases since (check box that applies):			
a	<input type="checkbox"/> Effective date . . . . .	18		
b	<input type="checkbox"/> The end of your 1996 tax year . . . . .			
19	Amount at risk. Subtract line 18 from line 17 and enter the result here ▶ 19a			
	Also, enter the result on line 19b. However, if the result is less than zero, enter -0- on line 19b and see <b>Pub. 925</b> for information on the recapture rules. Also, enter it on line 20 if you are not using the amount from Part II . . . . .	19b		

**Part IV Deductible Loss**

20	Amount at risk from line 10b or 19b, whichever is larger. Do not enter less than zero . . . . .	20		
	<b>Note:</b> If line 20 is zero, enter -0- on line 21. You do not have a deductible loss this year.			
21	<b>Deductible loss.</b> Enter the smaller of the line 5 loss (treated as a positive number) or line 20. See the instructions on page 7 for where to report any deductible loss and any carryover . . . . .	21	(	)

**Note:** If this loss is from a passive activity, get **Form 8582**, *Passive Activity Loss Limitations*, or **Form 8810**, *Corporate Passive Activity Loss and Credit Limitations*, to see if the loss is allowed under the passive activity rules. If only part of the loss is subject to the passive activity loss rules, take the portion attributable to the passive activity loss rules to Form 8582 or Form 8810, whichever applies.



**Alternative Minimum Tax—Individuals**

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

**1997**Attachment  
Sequence No. **32**

Name(s) shown on Form 1040

Your social security number

**Part I Adjustments and Preferences**

1	If you itemized deductions on Schedule A (Form 1040), go to line 2. Otherwise, enter your standard deduction from Form 1040, line 35, here and go to line 6 . . . . .	1		
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 <b>or</b> 2½% of Form 1040, line 33 . . . . .	2		
3	Taxes. Enter the amount from Schedule A (Form 1040), line 9 . . . . .	3		
4	Certain interest on a home mortgage not used to buy, build, or improve your home . . . . .	4		
5	Miscellaneous itemized deductions. Enter the amount from Schedule A (Form 1040), line 26 . . . . .	5		
6	Refund of taxes. Enter any tax refund from Form 1040, line 10 or line 21 . . . . .	6	(	)
7	Investment interest. Enter difference between regular tax and AMT deduction . . . . .	7		
8	Post-1986 depreciation. Enter difference between regular tax and AMT depreciation . . . . .	8		
9	Adjusted gain or loss. Enter difference between AMT and regular tax gain or loss . . . . .	9		
10	Incentive stock options. Enter excess of AMT income over regular tax income . . . . .	10		
11	Passive activities. Enter difference between AMT and regular tax income or loss . . . . .	11		
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (Form 1041), line 9 . . . . .	12		
13	Tax-exempt interest from private activity bonds issued after 8/7/86 . . . . .	13		
14	Other. Enter the amount, if any, for each item below and enter the total on line 14. a Charitable contributions . . . . . b Circulation expenditures . . . . . c Depletion . . . . . d Depreciation (pre-1987) . . . . . e Installment sales . . . . . f Intangible drilling costs . . . . . g Long-term contracts . . . . . h Loss limitations . . . . . i Mining costs . . . . . j Patron's adjustment . . . . . k Pollution control facilities . . . . . l Research and experimental . . . . . m Tax shelter farm activities . . . . . n Related adjustments . . . . .	14		
15	<b>Total Adjustments and Preferences.</b> Combine lines 1 through 14 . . . . . ▶	15		

**Part II Alternative Minimum Taxable Income**

16	Enter the amount from <b>Form 1040, line 36</b> . If less than zero, enter as a (loss) . . . . . ▶	16		
17	Net operating loss deduction, if any, from Form 1040, line 21. Enter as a positive amount . . . . .	17		
18	If Form 1040, line 33, is over \$121,200 (over \$60,600 if married filing separately), and you itemized deductions, enter the amount, if any, from line 9 of the worksheet for Schedule A (Form 1040), line 28 . . . . .	18	(	)
19	Combine lines 15 through 18 . . . . . ▶	19		
20	Alternative tax net operating loss deduction. See page 5 of the instructions . . . . .	20		
21	<b>Alternative Minimum Taxable Income.</b> Subtract line 20 from line 19. (If married filing separately and line 21 is more than \$165,000, see page 5 of the instructions.) . . . . . ▶	21		

**Part III Exemption Amount and Alternative Minimum Tax**

22	<b>Exemption Amount.</b> (If this form is for a child under age 14, see page 6 of the instructions.)  IF your filing status is . . . . . AND line 21 is not over . . . . . THEN enter on line 22 . . . . . Single or head of household . . . . . \$112,500 . . . . . \$33,750 Married filing jointly or qualifying widow(er) . . . . . 150,000 . . . . . 45,000 Married filing separately . . . . . 75,000 . . . . . 22,500 If line 21 is <b>over</b> the amount shown above for your filing status, see page 6 of the instructions.  23 Subtract line 22 from line 21. If zero or less, enter -0- here and on lines 26 and 28 . . . . . ▶  24 If you completed Schedule D (Form 1040), and had an amount on line 25 or line 27 (as refigured for the AMT, if necessary), go to Part IV of Form 6251 to figure line 24. <b>All others:</b> If line 23 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 23 by 26% (.26). Otherwise, multiply line 23 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result . . . . . ▶ 25 Alternative minimum tax foreign tax credit. See page 7 of the instructions . . . . . 26 Tentative minimum tax. Subtract line 25 from line 24 . . . . . ▶ 27 Enter your tax from Form 1040, line 39 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 43) . . . . . 28 <b>Alternative Minimum Tax.</b> (If this form is for a child under age 14, see page 7 of the instructions.) Subtract line 27 from line 26. If zero or less, enter -0-. Enter here and on Form 1040, line 48 . . . . . ▶	22		
		23		
		24		
		25		
		26		
		27		
		28		

**Part IV** Line 24 Computation Using Maximum Capital Gains Rates

29	Enter the amount from line 23 . . . . .				29		
30	Enter the amount from Schedule D (Form 1040), line 27 (as refigured for the AMT, if necessary) . . . . .	30					
31	Enter the amount from Schedule D (Form 1040), line 25 (as refigured for the AMT, if necessary) . . . . .	31					
32	Add lines 30 and 31 . . . . .	32					
33	Enter the amount from Schedule D (Form 1040), line 22 (as refigured for the AMT, if necessary) . . . . .	33					
34	Enter the <b>smaller</b> of line 32 or line 33 . . . . .				34		
35	Subtract line 34 from line 29. If zero or less, enter -0- . . . . .				35		
36	If line 35 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 35 by 26% (.26). Otherwise, multiply line 35 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result . . . . . ▶				36		
37	Enter the amount from Schedule D (Form 1040), line 36 (as figured for the regular tax) . . . . .				37		
38	Enter the <b>smallest</b> of line 29, line 30, or line 37 . . . . .				38		
39	Multiply line 38 by 10% (.10) . . . . . ▶				39		
40	Enter the <b>smaller</b> of line 29 or line 30 . . . . .				40		
41	Enter the amount from line 38 . . . . .				41		
42	Subtract line 41 from line 40. If zero or less, enter -0- . . . . .				42		
43	Multiply line 42 by 20% (.20) . . . . . ▶				43		
44	Enter the amount from line 29 . . . . .				44		
45	Add lines 35, 38, and 42 . . . . .				45		
46	Subtract line 45 from line 44 . . . . .				46		
47	Multiply line 46 by 25% (.25) . . . . . ▶				47		
48	Add lines 36, 39, 43, and 47 . . . . .				48		
49	If line 29 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 29 by 26% (.26). Otherwise, multiply line 29 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result . . . . .				49		
50	Enter the <b>smaller</b> of line 48 or line 49 here and on line 24 . . . . . ▶				50		



**Installment Sale Income**

- ▶ See separate instructions. ▶ Attach to your tax return.  
▶ Use a separate form for each sale or other disposition of property on the installment method.

**1997**Attachment  
Sequence No. **79**

Name(s) shown on return

Identifying number

- 1 Description of property ▶ .....  
2a Date acquired (month, day, year) ▶ \_\_\_\_ / \_\_\_\_ / \_\_\_\_ b Date sold (month, day, year) ▶ \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
3 Was the property sold to a related party after May 14, 1980? See instructions. If "No," skip line 4 . . . ☐ Yes ☐ No  
4 Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale . . . ☐ Yes ☐ No

**Part I Gross Profit and Contract Price.** Complete this part for the year of sale only.

5	Selling price including mortgages and other debts. <b>Do not</b> include interest whether stated or unstated	5		
6	Mortgages and other debts the buyer assumed or took the property subject to, but not new mortgages the buyer got from a bank or other source	6		
7	Subtract line 6 from line 5	7		
8	Cost or other basis of property sold	8		
9	Depreciation allowed or allowable	9		
10	Adjusted basis. Subtract line 9 from line 8	10		
11	Commissions and other expenses of sale	11		
12	Income recapture from Form 4797, Part III. See instructions	12		
13	Add lines 10, 11, and 12	13		
14	Subtract line 13 from line 5. If zero or less, <b>stop here. Do not</b> complete the rest of this form	14		
15	If the property described on line 1 above was your main home, enter from Form 2119 the total of lines 14 and 22, or the amount from line 27, whichever applies. Otherwise, enter -0-	15		
16	<b>Gross profit.</b> Subtract line 15 from line 14	16		
17	Subtract line 13 from line 6. If zero or less, enter -0-	17		
18	<b>Contract price.</b> Add line 7 and line 17	18		

**Part II Installment Sale Income.** Complete this part for the year of sale **and** any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

19	Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions	19		
20	<b>For year of sale only:</b> Enter amount from line 17 above; otherwise, enter -0-	20		
21	Payments received during year. See instructions. <b>Do not</b> include interest whether stated or unstated	21		
22	Add lines 20 and 21	22		
23	Payments received in prior years. See instructions. <b>Do not</b> include interest whether stated or unstated	23		
24	<b>Installment sale income.</b> Multiply line 22 by line 19	24		
25	Part of line 24 that is ordinary income under recapture rules. See instructions	25		
26	Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions	26		

**Part III Related Party Installment Sale Income.** **Do not** complete if you received the final payment this tax year.

27 Name, address, and taxpayer identifying number of related party .....

28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? . . . ☐ Yes ☐ No

29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.

a ☐ The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶ \_\_\_\_ / \_\_\_\_ / \_\_\_\_

b ☐ The first disposition was a sale or exchange of stock to the issuing corporation.

c ☐ The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.

d ☐ The second disposition occurred after the death of the original seller or buyer.

e ☐ It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.

30	Selling price of property sold by related party	30		
31	Enter contract price from line 18 for year of first sale	31		
32	Enter the <b>smaller</b> of line 30 or line 31	32		
33	Total payments received by the end of your 1997 tax year. See instructions	33		
34	Subtract line 33 from line 32. If zero or less, enter -0-	34		
35	Multiply line 34 by the gross profit percentage on line 19 for year of first sale	35		
36	Part of line 35 that is ordinary income under recapture rules. See instructions	36		
37	Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions	37		



## Noncash Charitable Contributions

▶ Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.

▶ See separate instructions.

OMB No. 1545-0908

Attachment  
Sequence No. **55**

Name(s) shown on your income tax return

Identifying number

**Note:** Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

**Section A**—List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is over \$5,000 (see instructions).

### Part I Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) Description of donated property
A		
B		
C		
D		
E		

**Note:** If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

### Part II Other Information—Complete line 2 if you gave less than an entire interest in property listed in Part I. Complete line 3 if restrictions were attached to a contribution listed in Part I.

**2** If, during the year, you contributed less than the entire interest in the property, complete lines a – e.

- a** Enter the letter from Part I that identifies the property ▶ \_\_\_\_\_. If Part II applies to more than one property, attach a separate statement.
- b** Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ \_\_\_\_\_  
**(2)** For any prior tax years ▶ \_\_\_\_\_.
- c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different than the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

- d** For tangible property, enter the place where the property is located or kept ▶ \_\_\_\_\_
- e** Name of any person, other than the donee organization, having actual possession of the property ▶ \_\_\_\_\_

**3** If conditions were attached to any contribution listed in Part I, answer questions a – c and attach the required statement (see instructions).

- a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property? . . . . .
- b** Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire? . . . . .
- c** Is there a restriction limiting the donated property for a particular use? . . . . .

Yes	No

Name(s) shown on your income tax return

Identifying number

**Section B—Appraisal Summary**—List in this section only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 per item or group. **Exception.** Report contributions of certain publicly traded securities only in Section A.If you donated art, you may have to attach the complete appraisal. See the **Note** in Part I below.**Part I Information on Donated Property**—To be completed by the taxpayer and/or appraiser.**4** Check type of property:

- ☐ Art\* (contribution of \$20,000 or more)    ☐ Real Estate    ☐ Gems/Jewelry    ☐ Stamp Collections  
☐ Art\* (contribution of less than \$20,000)    ☐ Coin Collections    ☐ Books    ☐ Other

\*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antique furniture, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Note:** If your total art contribution deduction was \$20,000 or more, you must attach a complete copy of the signed appraisal. See instructions.

<b>5</b>	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition at the time of the gift	(c) Appraised fair market value
<b>A</b>			
<b>B</b>			
<b>C</b>			
<b>D</b>			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions	
					(h) Amount claimed as a deduction	(i) Average trading price of securities
<b>A</b>						
<b>B</b>						
<b>C</b>						
<b>D</b>						

**Part II Taxpayer (Donor) Statement**—List each item included in Part I above that is separately identified in the appraisal as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ▶ \_\_\_\_\_

Signature of taxpayer (donor) ▶ \_\_\_\_\_

Date ▶ \_\_\_\_\_

**Part III Declaration of Appraiser**

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this appraisal summary may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from presenting evidence or testimony by the Director of Practice.

**Sign****Here**

Signature ▶ \_\_\_\_\_

Title ▶ \_\_\_\_\_

Date of appraisal ▶ \_\_\_\_\_

Business address (including room or suite no.)

Identifying number

City or town, state, and ZIP code

**Part IV Donee Acknowledgment**—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on ▶ \_\_\_\_\_

(Date)

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 2 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Name of charitable organization (donee)	Employer identification number	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date





Form **8396**Department of the Treasury  
Internal Revenue Service**Mortgage Interest Credit**(For Holders of Qualified Mortgage Credit Certificates Issued by  
State or Local Governmental Units or Agencies.)

► Attach to Form 1040.

OMB No. 1545-0930

**1997**Attachment  
Sequence No. **53**

Name(s) shown on Form 1040

Your social security number

Enter the address of your main home to which the qualified mortgage certificate relates if it is different from the address shown on Form 1040.

**Part I Mortgage Interest Credit**

1	Interest paid on the certified indebtedness amount. If someone else (other than your spouse if filing jointly) also held an interest in the home, enter only your share of the interest paid.	1		
2	Enter the certificate credit rate shown on your mortgage credit certificate . . . . .	2		%
3	If line 2 is 20% or less, multiply line 1 by line 2. If line 2 is more than 20%, or if you refinanced your mortgage and received a reissued certificate, see instructions for amount to enter. You <b>must</b> reduce your mortgage interest deduction on Schedule A (Form 1040) by the line 3 amount	3		
4	Enter any credit carryforward from 1994 (line 18 of your 1996 Form 8396) . . . . .	4		
5	Enter any credit carryforward from 1995 (line 16 of your 1996 Form 8396) . . . . .	5		
6	Enter any credit carryforward from 1996 (line 19 of your 1996 Form 8396) . . . . .	6		
7	Add lines 3 through 6. . . . .	7		
8	Enter the amount from Form 1040, line 39. . . . .	8		
9	Add the amounts from Form 1040, lines 40 and 41, and enter the total . . . . .	9		
10	Subtract line 9 from line 8. If zero or less, enter -0-. . . . .	10		
11	<b>Mortgage Interest Credit.</b> Enter the <b>smaller</b> of line 7 or line 10. See the instructions for the amount of credit to enter on Form 1040, line 44. Be sure to check box <b>b</b> on that line . . . . .	11		

**Part II Mortgage Interest Credit Carryforward to 1998. (Complete only if line 11 is less than line 7.)**

12	Add lines 3 and 4 . . . . .	12		
13	Enter the amount from line 7 . . . . .	13		
14	Enter the <b>larger</b> of line 11 or line 12. . . . .	14		
15	Subtract line 14 from line 13 . . . . .	15		
16	<b>1996 credit carryforward to 1998.</b> Enter the <b>smaller</b> of line 6 or line 15 . . . . .	16		
17	Subtract line 16 from line 15 . . . . .	17		
18	<b>1995 credit carryforward to 1998.</b> Enter the <b>smaller</b> of line 5 or line 17 . . . . .	18		
19	<b>1997 credit carryforward to 1998.</b> Subtract line 11 from line 3. If zero or less, enter -0- . . . . .	19		

**General Instructions****Purpose of Form**

Use Form 8396 to figure the mortgage interest credit for 1997 and any carryforward to 1998.

**Who May Claim the Credit**

You may claim the credit only if you were issued a qualified Mortgage Credit Certificate (MCC) by a state or local governmental unit or agency under a qualified mortgage credit certificate program.

**Caution:** Certificates issued by the Federal Housing Administration, Department of Veterans Affairs, and Farmers Home Administration, and Homestead Staff Exemption Certificates **do not** qualify for the credit.The home to which the certificate relates must be your **main home** and must also be **located in the jurisdiction** of the governmental unit that issued the certificate.If the interest on the mortgage was paid to a **related person**, you **cannot** claim the credit.

# Passive Activity Loss Limitations

► See separate instructions.  
 ► Attach to Form 1040 or Form 1041.

OMB No. 1545-1008

**1996**

Attachment  
 Sequence No. **88**

Identifying number

## Part I 1996 Passive Activity Loss

**Caution:** See the instructions for Worksheets 1 and 2 on page 8 before completing Part I.

**Rental Real Estate Activities With Active Participation** (For the definition of active participation see **Active Participation in a Rental Real Estate Activity** on page 4 of the instructions.)

1a	Activities with net income (from Worksheet 1, column (a)) . . . . .	1a		
b	Activities with net loss (from Worksheet 1, column (b)) . . . . .	1b	(	)
c	Prior year unallowed losses (from Worksheet 1, column (c)) . . . . .	1c	(	)
d	Combine lines 1a, 1b, and 1c . . . . .	1d		

### All Other Passive Activities

2a	Activities with net income (from Worksheet 2, column (a)) . . . . .	2a		
b	Activities with net loss (from Worksheet 2, column (b)) . . . . .	2b	(	)
c	Prior year unallowed losses (from Worksheet 2, column (c)) . . . . .	2c	(	)
d	Combine lines 2a, 2b, and 2c . . . . .	2d		

**3** Combine lines 1d and 2d. If the result is net income or zero, see the instructions for line 3 on page 9. If this line and line 1d are losses, go to line 4. Otherwise, enter -0- on line 9 and go to line 10.

**3**

## Part II Special Allowance for Rental Real Estate With Active Participation

**Note:** Enter all numbers in Part II as positive amounts. See page 9 of the instructions for examples.

4	Enter the <b>smaller</b> of the loss on line 1d or the loss on line 3 . . . . .	4		
5	Enter \$150,000. If married filing separately, see page 9 of the instructions . . . . .	5		
6	Enter modified adjusted gross income, but not less than zero (see page 9 of the instructions) . . . . .	6		
<b>Note:</b> If line 6 is equal to or greater than line 5, skip lines 7 and 8, enter -0- on line 9, and then go to line 10. Otherwise, go to line 7.				
7	Subtract line 6 from line 5 . . . . .	7		
8	Multiply line 7 by 50% (.5). <b>Do not</b> enter more than \$25,000. If married filing separately, see page 9 of the instructions . . . . .	8		
9	Enter the <b>smaller</b> of line 4 or line 8 . . . . .	9		

## Part III Total Losses Allowed

10	Add the income, if any, on lines 1a and 2a and enter the total . . . . .	10		
11	<b>Total losses allowed from all passive activities for 1996.</b> Add lines 9 and 10. See pages 10 and 11 of the instructions to find out how to report the losses on your tax return . . . . .	11		

**Caution:** *The worksheets are not required to be filed with your tax return and may be detached before filing Form 8582. Keep a copy of the worksheets for your records.*

**Worksheet 1—For Form 8582, Lines 1a, 1b, and 1c** (See page 8 of the instructions.)

Name of activity	Current year		Prior year	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
Total. Enter on Form 8582, lines 1a, 1b, and 1c. . . . . ▶					

**Worksheet 2—For Form 8582, Lines 2a, 2b, and 2c** (See page 8 of the instructions.)

Name of activity	Current year		Prior year	Overall gain or loss	
	(a) Net income (line 2a)	(b) Net loss (line 2b)	(c) Unallowed loss (line 2c)	(d) Gain	(e) Loss
Total. Enter on Form 8582, lines 2a, 2b, and 2c. . . . . ▶					

**Worksheet 3—Use this worksheet if an amount is shown on Form 8582, line 9** (See page 9 of the instructions.)

Name of activity	Form or schedule to be reported on	(a) Loss	(b) Ratio	(c) Special allowance	(d) Subtract column (c) from column (a)
Total . . . . . ▶			1.00		

**Worksheet 4—Allocation of Unallowed Losses** (See page 10 of the instructions.)

Name of activity	Form or schedule to be reported on	(a) Loss	(b) Ratio	(c) Unallowed loss
Total . . . . . ▶			1.00	

**Worksheet 5—Allowed Losses** (See page 10 of the instructions.)

Name of activity	Form or schedule to be reported on	(a) Loss	(b) Unallowed loss	(c) Allowed loss
Total . . . . . ▶				

**Worksheet 6—Activities With Losses Reported on Two or More Different Forms or Schedules** (See page 10 of the instructions.)

Name of Activity:	(a)	(b)	(c) Ratio	(d) Unallowed loss	(e) Allowed loss
<b>Form or Schedule To Be Reported on:</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule . ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Form or Schedule To Be Reported on:</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule . ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Form or Schedule To Be Reported on:</b> .....					
<b>1a</b> Net loss plus prior year unallowed loss from form or schedule . ▶					
<b>b</b> Net income from form or schedule . . . . . ▶					
<b>c</b> Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
<b>Total</b> . . . . . ▶			1.00		



**Nondeductible IRAs**  
**(Contributions, Distributions, and Basis)**

► Please see **What Records Must I Keep?** below.  
► Attach to Form 1040, Form 1040A, or Form 1040NR.

**1997**Attachment  
Sequence No. **47**

Name. If married, file a separate Form 8606 for each spouse who is required to file Form 8606. See instructions.

Your social security number

**Fill in Your Address Only**  
**if You Are Filing This**  
**Form by Itself and Not**  
**With Your Tax Return**

Home address (number and street, or P.O. box if mail is not delivered to your home)

Apt. no.

City, town or post office, state, and ZIP code

**Contributions, Nontaxable Distributions, and Basis**

1 Enter your nondeductible IRA contributions for 1997, including those made during 1/1/98–4/15/98 that were for 1997. See instructions

**1**

2 Enter your total IRA basis for 1996 and earlier years. See instructions

**2**

3 Add lines 1 and 2

**3**

**Did you receive**  
**any IRA**  
**distributions**  
**(withdrawals)**  
**in 1997?**

No

► Enter the amount from line 3 on  
line 12. Then, **stop** and read **When**  
**and Where To File** below.

Yes

► Go to line 4.

4 Enter only those contributions included on line 1 that were made during 1/1/98–4/15/98. This amount will be the same as line 1 if all of your nondeductible contributions for 1997 were made in 1998 by 4/15/98. See instructions

**4**

5 Subtract line 4 from line 3

**5**6 Enter the total value of **ALL** your IRAs as of 12/31/97 plus any outstanding rollovers. See instructions**6**

7 Enter the total IRA distributions received during 1997. Do not include amounts rolled over before 1/1/98. See instructions

**7**

8 Add lines 6 and 7

**8**

9 Divide line 5 by line 8 and enter the result as a decimal (rounded to two places). Do not enter more than "1.00"

**9**

× .

10 Multiply line 7 by line 9. This is the amount of your **nontaxable distributions for 1997****10**11 Subtract line 10 from line 5. This is the **basis in your IRA(s) as of 12/31/97****11**12 Add lines 4 and 11. This is your **total IRA basis for 1997 and earlier years****12****Taxable Distributions for 1997**

13 Subtract line 10 from line 7. Enter the result here and on Form 1040, line 15b; Form 1040A, line 10b; or Form 1040NR, line 16b, whichever applies

**13**

**Sign Here Only if You**  
**Are Filing This Form**  
**by Itself and Not With**  
**Your Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature

Date

**General Instructions**

Section references are to the Internal  
Revenue Code.

**A Change To Note**

Beginning in 1997, SIMPLE IRAs are available to employees of small employers. **Do not** include contributions to a SIMPLE IRA on line 1. However, if you received any IRA distributions in 1997, you **must** include the value of your SIMPLE IRA on line 6.

**Purpose of Form**

Use Form 8606 to:

- Report your nondeductible IRA contributions,
- Figure the basis in your IRA(s), and
- Figure the taxable part of any distributions you received in 1997 if you have ever made nondeductible contributions.

Your **basis** is the total of all your nondeductible IRA contributions minus the total of all nontaxable IRA distributions received. It is to your advantage to keep track of your basis because it is used to figure the nontaxable part of future distributions.

**Note:** To figure your deductible IRA contributions, see the *Instructions for Form 1040, or Form 1040A, whichever applies*.

**Who Must File**

You must file Form 8606 if:

- You made nondeductible contributions to your IRA for 1997, or
- You received IRA distributions in 1997 and you have ever made nondeductible contributions to any of your IRAs.

**What Records Must I Keep?**

To verify the nontaxable part of distributions from your IRA, keep a copy of this form together with copies of the following forms

and records until all distributions are made from your IRA(s):

- Page 1 of Forms 1040 (or Forms 1040A, 1040NR, or 1040-T) filed for each year you make a nondeductible contribution.
- Forms 5498 or similar statements received each year showing contributions you made.
- Forms 5498 or similar statements received showing the value of your IRA(s) for each year you received a distribution.
- Forms 1099-R and W-2P received for each year you received a distribution.

**When and Where To File**

Attach Form 8606 to your 1997 Form 1040, 1040A, or 1040NR.

If you are required to file Form 8606 but you are not required to file an income tax return, you still **must** file Form 8606. Send it to the Internal Revenue Service at the same time and place you would otherwise file Form 1040, 1040A, or 1040NR.



**Parents' Election To Report  
Child's Interest and Dividends**▶ See instructions below and on back.  
▶ Attach to parents' Form 1040 or Form 1040NR.

Name(s) shown on your return

Your social security number

**A** Child's name (first, initial, and last)**B** Child's social security number**C** If more than one Form 8814 is attached, check here ☐ ▶**Step 1 Figure amount of child's interest and dividend income to report on your return**

<b>1a</b> Enter your child's <b>taxable</b> interest income. If this amount is different from the amounts shown on the child's Forms 1099-INT and 1099-OID, see the instructions . . . . .	<b>1a</b>		
<b>b</b> Enter your child's <b>tax-exempt</b> interest income. <b>DO NOT</b> include this amount on line 1a . . . . .	<b>1b</b>		
<b>2a</b> Enter your child's gross dividends, including any Alaska Permanent Fund dividends. If none, enter -0- on line 2c and go to line 3. If your child received any capital gain distributions or dividends as a nominee, see the instructions . . . . .	<b>2a</b>		
<b>b</b> Enter your child's nontaxable distributions that are included on line 2a. These should be shown in box 1d of Form 1099-DIV . . . . .	<b>2b</b>		
<b>c</b> Subtract line 2b from line 2a . . . . .	<b>2c</b>		
<b>3</b> Add lines 1a and 2c. If the total is \$1,300 or less, skip lines 4 and 5 and go to line 6. If the total is \$6,500 or more, <b>do not</b> file this form. Your child <b>must</b> file his or her own return to report the income . . . . .	<b>3</b>		
<b>4</b> Base amount . . . . .	<b>4</b>	1,300	00
<b>5</b> Subtract line 4 from line 3. If you checked the box on line C above or if line 2a includes any capital gain distributions, see the instructions. Also, include this amount in the total on Form 1040, line 21, or Form 1040NR, line 21. In the space next to line 21, enter "Form 8814" and show the amount. Go to line 6 below . . . . . ▶	<b>5</b>		

**Step 2 Figure your tax on the first \$1,300 of child's interest and dividend income**

<b>6</b> Amount not taxed . . . . .	<b>6</b>	650	00
<b>7</b> Subtract line 6 from line 3. If the result is zero or less, enter -0- . . . . .	<b>7</b>		
<b>8 Tax.</b> Is the amount on line 7 less than \$650? <b>No.</b> Enter \$97.50 (\$98 if you round) here and see the <b>Note</b> below. <b>Yes.</b> Multiply line 7 by 15% (.15). Enter the result here and see the <b>Note</b> below.	<b>8</b>		

**Note:** If you checked the box on line C above, see the instructions. Otherwise, include the amount from line 8 in the tax you enter on Form 1040, line 39, or Form 1040NR, line 38. Be sure to check box a on Form 1040, line 39, or Form 1040NR, line 38.

**General Instructions****A Change To Note**

If your child received any capital gain distributions, the Federal income tax on his or her income may be less if you file a return for the child instead of making this election. This is because of the new lower capital gains tax rates. If you make this election, part or all of any capital gain distributions included on line 5 of Form 8814 must be reported on your **Schedule D** (Form 1040) even if you are not otherwise required to file the schedule. See **Pub. 929**, Tax Rules for Children and Dependents, for details.

**Purpose of Form.** Use this form if you elect to report your child's income on your return. If you do, your child will not have to file a return. You can make this election if your child meets **all** of the following conditions:

- Was under age 14 on January 1, 1998.
- Is required to file a 1997 return.
- Had income only from interest and dividends, including Alaska Permanent Fund dividends.
- Had gross income for 1997 that was less than \$6,500.
- Had no estimated tax payments for 1997 (including any overpayment of tax from his or her 1996 return applied to 1997 estimated tax).

- Had no Federal income tax withheld from his or her income.

You must also qualify as explained on page 2 of these instructions.

**How To Make the Election.** To make the election, complete and attach Form 8814 to your tax return and file your return by the due date (including extensions). A separate Form 8814 must be filed for **each** child whose income you choose to report.

**TIP:** The Federal income tax on your child's income may be less if you file a tax return for the child instead of making this election. This is because you cannot take certain deductions that your child would be entitled to on his or her own return. For details, see **Deductions You May Not Take** on page 2.

**Exclusion of Interest From Series EE  
U.S. Savings Bonds Issued After 1989**  
(For Filers With Qualified Higher Education Expenses)  
▶ Attach to Form 1040 or Form 1040A.

**Caution:** If your filing status is married filing separately, **do not** file this form. You **cannot** take the exclusion even if you paid qualified higher education expenses in 1997.

Name(s) shown on return	Your social security number . . .
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1 (a) Name of person (you, your spouse, or your dependent) who was enrolled at or attended an eligible educational institution	(b) Name and address of eligible educational institution

If you need more space, attach additional sheets.

2 Enter the total qualified higher education expenses you paid in 1997 for the persons listed in column (a) of line 1. See the instructions to find out which expenses qualify . . . . .	2		
3 Enter the total of any nontaxable educational benefits (such as nontaxable scholarship or fellowship grants) received for 1997 for the persons listed in column (a) of line 1. See instructions	3		
4 Subtract line 3 from line 2. If zero or less, <b>stop</b> . You <b>cannot</b> take the exclusion . . . . .	4		
5 Enter the total proceeds (principal and interest) from all series EE U.S. savings bonds <b>issued after 1989</b> that you <b>cashed during 1997</b> . . . . .	5		
6 Enter the interest included on line 5. See instructions . . . . .	6		
7 Is line 4 <b>less than</b> line 5? <b>No.</b> Enter "1.00." <b>Yes.</b> Divide line 4 by line 5. Enter the result as a decimal (rounded to two places) } . . . . .	7	×	
8 Multiply line 6 by line 7 . . . . .	8		
9 Enter your modified adjusted gross income. See instructions . . . . . <b>Note:</b> If line 9 is \$65,850 or more (\$106,250 or more if married filing jointly or qualifying widow(er)), <b>stop</b> . You <b>cannot</b> take the exclusion.	9		
10 Enter \$50,850 (\$76,250 if married filing jointly or qualifying widow(er))	10		
11 Subtract line 10 from line 9. If zero or less, skip line 12, enter -0- on line 13, and go to line 14 . . . . .	11		
12 Divide line 11 by \$15,000 (by \$30,000 if married filing jointly or qualifying widow(er)). Enter the result as a decimal (rounded to two places) . . . . .	12	×	
13 Multiply line 8 by line 12 . . . . .	13		
14 <b>Excludable savings bond interest.</b> Subtract line 13 from line 8. Enter the result here and on Schedule B (Form 1040), line 3, or Schedule 1 (Form 1040A), line 3, whichever applies . . ▶	14		

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

If you cashed series EE U.S. savings bonds in 1997 that were issued after 1989, you may be able to exclude from your income part or all of the interest on those bonds. Use Form 8815 to figure the amount of any interest you may exclude.

### Who May Take the Exclusion

You may take the exclusion if **all** four of the following apply:

1. You cashed qualified U.S. savings bonds in 1997 that were issued after 1989.
2. You paid qualified higher education expenses in 1997 for yourself, your spouse, or your dependents.

3. Your filing status is any status **except** married filing separately.

4. Your modified AGI (adjusted gross income) is less than \$65,850 (less than \$106,250 if married filing jointly or qualifying widow(er)). See the line 9 instructions to figure your modified AGI.

### U.S. Savings Bonds That Qualify for Exclusion

To qualify for the exclusion, the bonds must be series EE U.S. savings bonds issued after 1989 in your name, or, if you are married, they may be issued in your name and your spouse's name. Also, you must have been age 24 or older before the bonds were issued. A bond bought by a parent and issued in the name of his or her child under age 24 does not qualify for the exclusion by the parent or child. **Bond information may be verified with Department of the Treasury records.**



# Recapture of Federal Mortgage Subsidy

OMB No. 1545-1288

Attachment  
Sequence No. **64**

▶ Attach to Form 1040. ▶ See separate instructions.

Name(s) \_\_\_\_\_ Social security number (as shown on page 1 of your tax return) \_\_\_\_\_

## Part I Description of Home Subject to Federally Subsidized Debt

1 Address of property (number and street, city or town, state, and ZIP code) \_\_\_\_\_

2 Check the box that describes the type of Federal subsidy you had on the loan for your home.

- a ☐ Mortgage loan from the proceeds of a tax-exempt bond  
b ☐ Mortgage credit certificate

**Note:** If neither box applies, you are not subject to recapture tax on the sale or other disposition of your home. **DO NOT** complete this form.

3 Name of the bond or certificate issuer \_\_\_\_\_  
State \_\_\_\_\_ Political subdivision (city, county, etc.) \_\_\_\_\_ Agency, if any \_\_\_\_\_

4 Name and address of original lending institution \_\_\_\_\_

5 Date of closing of the original loan . . . . . \_\_\_\_\_  
Month Day Year

**Note:** If the date of closing of the loan was before January 1, 1991, recapture tax does not apply. **DO NOT** complete this form. If you (1) checked the box on line 2b (mortgage credit certificate), (2) refinanced your home, and (3) received a reissued mortgage credit certificate, see **Refinancing your home** on page 2 of the instructions.

6 Date of sale or other disposition of your interest in the home . . . . . \_\_\_\_\_  
Month Day Year

7 Number of years and full months between original closing date (line 5) and date of sale or disposition (line 6): \_\_\_\_\_  
Years Full months

8 Date of full repayment of the original loan including a refinancing other than one for which a replacement mortgage credit certificate was issued (see instructions) . . . . . \_\_\_\_\_  
Month Day Year

## Part II Computation of Recapture Tax

9	Sales price of your interest in the home sold or disposed of (see instructions) . . . . .	9	
10	Expenses of sale. Include sales commissions, advertising, legal fees, etc. . . . .	10	
11	Amount realized. Subtract line 10 from line 9 . . . . .	11	
12	Adjusted basis of your interest in the home sold or disposed of (see instructions) . . . . .	12	
13	Gain or (loss) from sale or disposition. Subtract line 12 from line 11. If a loss, <b>stop</b> here and attach this form to your Form 1040. You <b>do not</b> owe recapture tax. . . . .	13	
14	Multiply line 13 by 50% (.50) . . . . .	14	
15	Modified adjusted gross income (see instructions) . . . . .	15	
16	Adjusted qualifying income (see instructions) . . . . .	16	
17	Subtract line 16 from line 15. If zero or less, <b>stop</b> here and attach this form to your Form 1040. You <b>do not</b> owe recapture tax . . . . .	17	
18	Income percentage. If the amount on line 17 is \$5,000 or more, enter "100." Otherwise, divide the amount on line 17 by \$5,000 and enter the result as a percentage. Round to the nearest whole percentage . . . . .	18	%
19	Federally subsidized amount (see instructions) . . . . .	19	
20	Holding period percentage (see instructions) . . . . .	20	%
21	Multiply line 19 by the percentage on line 20 . . . . .	21	
22	Recapture amount. Multiply line 21 by the percentage on line 18 . . . . .	22	
23	Tax. Enter the <b>smaller</b> of line 14 or line 22. Also, include this amount on the line for total tax on Form 1040. For details, see the Instructions for Form 1040 . . . . .	23	



# Expenses for Business Use of Your Home

► File only with Schedule C (Form 1040). Use a separate Form 8829 for each home you used for business during the year.

► See separate instructions.

OMB No. 1545-1266

**1997**

Attachment  
Sequence No. **66**

Name(s) of proprietor(s)

Your social security number

## Part I Part of Your Home Used for Business

1	Area used regularly and exclusively for business, regularly for day care, or for storage of inventory or product samples. See instructions . . . . .	1	
2	Total area of home . . . . .	2	
3	Divide line 1 by line 2. Enter the result as a percentage . . . . .	3	%
<p>• For day-care facilities not used exclusively for business, also complete lines 4–6. • All others, skip lines 4–6 and enter the amount from line 3 on line 7.</p>			
4	Multiply days used for day care during year by hours used per day . . . . .	4	hr.
5	Total hours available for use during the year (365 days × 24 hours). See instructions . . . . .	5	8,760 hr.
6	Divide line 4 by line 5. Enter the result as a decimal amount . . . . .	6	.
7	Business percentage. For day-care facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3 . . . . .	7	%

## Part II Figure Your Allowable Deduction

8	Enter the amount from Schedule C, line 29, <b>plus</b> any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If more than one place of business, see instructions <b>See instructions for columns (a) and (b) before completing lines 9–20.</b>	8	
		(a) Direct expenses	(b) Indirect expenses
9	Casualty losses. See instructions . . . . .	9	
10	Deductible mortgage interest. See instructions . . . . .	10	
11	Real estate taxes. See instructions . . . . .	11	
12	Add lines 9, 10, and 11. . . . .	12	
13	Multiply line 12, column (b) by line 7 . . . . .	13	
14	Add line 12, column (a) and line 13. . . . .	14	
15	Subtract line 14 from line 8. If zero or less, enter -0- . . . . .	15	
16	Excess mortgage interest. See instructions . . . . .	16	
17	Insurance . . . . .	17	
18	Repairs and maintenance . . . . .	18	
19	Utilities . . . . .	19	
20	Other expenses. See instructions . . . . .	20	
21	Add lines 16 through 20 . . . . .	21	
22	Multiply line 21, column (b) by line 7 . . . . .	22	
23	Carryover of operating expenses from 1996 Form 8829, line 41 . . . . .	23	
24	Add line 21 in column (a), line 22, and line 23 . . . . .	24	
25	Allowable operating expenses. Enter the <b>smaller</b> of line 15 or line 24 . . . . .	25	
26	Limit on excess casualty losses and depreciation. Subtract line 25 from line 15 . . . . .	26	
27	Excess casualty losses. See instructions . . . . .	27	
28	Depreciation of your home from Part III below . . . . .	28	
29	Carryover of excess casualty losses and depreciation from 1996 Form 8829, line 42 . . . . .	29	
30	Add lines 27 through 29 . . . . .	30	
31	Allowable excess casualty losses and depreciation. Enter the <b>smaller</b> of line 26 or line 30 . . . . .	31	
32	Add lines 14, 25, and 31 . . . . .	32	
33	Casualty loss portion, if any, from lines 14 and 31. Carry amount to <b>Form 4684</b> , Section B . . . . .	33	
34	Allowable expenses for business use of your home. Subtract line 33 from line 32. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions ►	34	

## Part III Depreciation of Your Home

35	Enter the <b>smaller</b> of your home's adjusted basis or its fair market value. See instructions . . . . .	35	
36	Value of land included on line 35 . . . . .	36	
37	Basis of building. Subtract line 36 from line 35 . . . . .	37	
38	Business basis of building. Multiply line 37 by line 7 . . . . .	38	
39	Depreciation percentage. See instructions . . . . .	39	%
40	Depreciation allowable. Multiply line 38 by line 39. Enter here and on line 28 above. See instructions	40	

## Part IV Carryover of Unallowed Expenses to 1998

41	Operating expenses. Subtract line 25 from line 24. If less than zero, enter -0- . . . . .	41	
42	Excess casualty losses and depreciation. Subtract line 31 from line 30. If less than zero, enter -0- . . . . .	42	



**Part III** Employer-Provided Adoption Benefits

**Caution:** If the eligible child is a foreign child, see the **Note** in the instructions for line 1, column (e), before completing this part.

		Child 1	Child 2		
<b>12</b>	Enter \$5,000 (\$6,000 for a child with special needs) . . . . .	<b>12</b>			
<b>13</b>	Enter the total amount of your <b>employer-provided adoption benefits</b> received in 1997. This amount should be shown in box 13 of your 1997 W-2 form(s) with code <b>T</b> . . .	<b>13</b>			
<b>14</b>	Add the amounts on line 13 . . . . .			<b>14</b>	
<b>15</b>	Enter the <b>smaller</b> of line 12 or line 13 . . . . .	<b>15</b>			
<b>16</b>	Add the amounts on line 15 . . . . .		<b>16</b>		
<b>17</b>	Enter your modified adjusted gross income (from the worksheet in the instructions) . . . . .	<b>17</b>			
<b>18</b>	Is line 17 more than \$75,000? <b>No.</b> Skip lines 18–20 and enter the amount from line 16 on line 21. <b>Yes.</b> Subtract \$75,000 from the amount on line 17 . . . . .	<b>18</b>			
<b>19</b>	Divide line 18 by \$40,000. Enter the result as a decimal (rounded to two places). Do not enter more than "1.00" . . . . .	<b>19</b>		×	.
<b>20</b>	Multiply line 16 by line 19 . . . . .	<b>20</b>			
<b>21</b>	Subtract line 20 from line 16 . . . . .	<b>21</b>			
<b>22</b>	<b>Excluded benefits.</b> Enter the <b>smaller</b> of line 16 or line 21 . . . . .			<b>22</b>	
<b>23</b>	<b>Taxable benefits.</b> Subtract line 22 from line 14. Also, include this amount on Form 1040, line 7, or Form 1040A, line 7. On the line next to line 7, write "AB" . . . . . <b>Next,</b> complete Form 1040 through line 41 or Form 1040A through line 24b. <b>Then,</b> if the total adoption expenses you paid in 1997 were not fully reimbursed by your employer <b>AND</b> the adoption was final in or before 1997, you may be able to claim the adoption credit. Fill in Part II on the front of this form to see if you can.			<b>23</b>	



## Installment Agreement Request

OMB No. 1545-1350

▶ See instructions below and on back.

**Note:** Do not file this form if you are currently making payments on an installment agreement. You must pay your other Federal tax liabilities in full or you will be in default on your agreement.

If you can't pay the full amount you owe, you can ask to make monthly installment payments. If we approve your request, you will be charged a \$43 fee. **Do not include the fee with this form.** We will deduct the fee from your first payment after we approve your request, unless you choose **Direct Debit** (see the line 13 instructions). We will usually let you know within 30 days after we receive your request whether it is approved or denied. But if this request is for tax due on a return you filed after March 31, it may take us longer than 30 days to reply.

To ask for an installment agreement, complete this form. Attach it to the front of your return when you file. If you have already filed your return or you are filing this form in response to a notice, see **How Do I File Form 9465?** on page 2. If you have any questions about this request, call 1-800-829-1040.

**Caution:** A Notice of Federal Tax Lien may be filed to protect the government's interest until you pay in full.

<b>1</b> Your first name and initial _____ Last name _____		Your social security number _____ _____ _____
If a joint return, spouse's first name and initial _____ Last name _____		Spouse's social security number _____ _____ _____
Your current address (number and street). If you have a P.O. box and no home delivery, show box number. _____ _____		Apt. number _____
City, town or post office, state, and ZIP code. If a foreign address, show city, state or province, postal code, and full name of country. _____ _____		
<b>2</b> If this address is new since you filed your last tax return, check here . . . . . <input type="checkbox"/>		
<b>3</b> (_____) _____ Your home phone number	Best time for us to call _____	<b>4</b> (_____) _____ Your work phone number
		Ext. _____
		Best time for us to call _____
<b>5</b> Name of your bank or other financial institution: _____ _____ City, state, and ZIP code _____		<b>6</b> Your employer's name: _____ _____ City, state, and ZIP code _____
<b>7</b> Enter the tax return for which you are making this request (for example, Form 1040). But if you are filing this form in response to a notice, don't complete lines 7 through 9. Instead, attach the bottom section of the notice to this form and go to line 10. . . . . ▶ _____		
<b>8</b> Enter the tax year for which you are making this request (for example, 1995) . . . . . ▶ _____		
<b>9</b> Enter the total amount you owe as shown on your tax return . . . . . ▶ \$ _____		
<b>10</b> Enter the amount of any payment you are making with your tax return (or notice). See instructions . ▶ \$ _____		
<b>11</b> Enter the amount you can pay each month. <b>Make your payments as large as possible to limit interest and penalty charges.</b> The charges will continue until you pay in full . . . . . ▶ \$ _____		
<b>12</b> Enter the date you want to make your payment each month. Do not enter a date later than the 28th ▶ _____		
<b>13</b> If you would like to make your monthly payments using <b>Direct Debit</b> (automatic withdrawals from your bank account), check here. . . . . <input type="checkbox"/>		
Your signature _____	Date _____	Spouse's signature. If a joint return, BOTH must sign. _____ Date _____

**Privacy Act and Paperwork Reduction Act Notice.**—Our legal right to ask for the information on this form is Internal Revenue Code sections 6001, 6011, 6012(a), 6109, and 6159 and their regulations. We will use the information to process your request for an installment agreement. The reason we need your name and social security number is to secure proper identification. We require this information to gain

access to the tax information in our files and properly respond to your request. If you do not enter the information, we may not be able to process your request. We may give this information to the Department of Justice as provided by law. We may also give it to cities, states, and the District of Columbia to carry out their tax laws.